

MOSES KOTANE LOCAL MUNICIPALITY



DRAFT ANNUAL REPORT

2008/2009

TABLE OF CONTENTS

1. FOREWORD BY MAYOR	PAGE 2 - 3
2. SECTION A	
2.1. FINANCIAL STATEMENTS FOR 08/09 FINANCIAL YEAR	PAGE 04 - 92
2.2. AUDITOR GENERAL'S REPORT ON FINANCIAL STATEMENTS FOR 08/09	PAGE 92 - 101
3. SECTION B	
3.1. MOSES KOTANE DEVELOPMENT AGENCY FINANCIAL STATEMENTS FOR 08/09 (REFER TO THE ATTACHED ANNEXURE PAGE 187)	
3.2. AUDITOR GENERAL'S REPORT OF MOSES KOTANE DEVELOPMENT AGENCY FOR 08/09	PAGE 102 - 112
4. SECTION C	
5.	
5.1. ANNUAL PERFORMANCE FOR 08/09	PAGE 113 - 168
6. SECTION D	
6.1. ACTION PLAN ON ISSUES RAISED BY THE AUDITOR GENERAL	PAGE 169 - 186

Foreword by the Mayor

2008-2009

The 2008-2009 financial years brought new challenges as MKLM had to convert to the GRAP standards for accounting purposes. The restructuring of the Asset Register took considerable time to complete as the necessary information was not readily available. The technical task team had to rely on various service providers to obtain drawings and plans of infrastructure and assets transferred from state departments and the previous governing authorities. Although a reasonable reliable asset register was developed and compiled it will take at least another two years to the complete the asset maintenance system to such a level that it will place the council in a position to manage and control all assets in detail.

The Integrated Development Plan was totally revised as well as Sectoral plans developed such as the Agriculture Master Plan, the Water Services Development Plan and the Spatial Development Framework.

The following table indicates major Capital Expenditure Projects during the Financial Year which was financed with MIG funds, External Loans, Internal Resources, Transfers and District Municipality funding to the amount of R million.

CAPITAL EXPENDITURE

Roads and stormwater	R	32 179 644
High mast- and Street lighting	R	15 320 291
Municipal Buildings	R	6 997 690
Parks and Sport Facilities	R	1 581 613
Library	R	168 720
Water provision	R	32 167 822
Land Transfers	R	23 956 474
Solid Waste Disposal Site	R	1 947 163
Vehicles and Equipment	R	12 814 965
Total	R	127 134 382

Notwithstanding the above mentioned capital spending the backlog in service delivery remains a huge challenge and the council is doing it utmost best to provide services where it is the mostly needed.

The Council's Medium Term Revenue and Expenditure Framework for the next three years focus on addressing backlogs in water- and sanitation services while projects such as the new refuse disposal site will improve environmental management to a large extend. Attention is also given to improve recreation facilities

and the Mogwase Stadium was upgraded with the support of Rustenburg Local Municipality to provide training facilities for the soccer world cup in 2010.

Please accept my appreciation for support from the Speaker, Chief Whip, Executive Committee members and all partime Councillors for their assistance in achieving the preset goals.

The Municipal Manager and his staff must also be commented for the hard work and dedication to achieve the preset goals.

Clr. L.P. MOLELEKENG

CHAIRPERSON OF THE EXECUTIVE COMMITTEE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009									
TABLE OF CONTENTS									
CONTENTS									PAGE
1	GENERAL INFORMATION AND APPROVAL OF FINANCIAL STATEMENTS								1
2	FOREWORD BY THE MAYOR								3
3	REPORT OF THE CHIEF FINANCIAL OFFICER								5
4	STATEMENT OF FINANCIAL POSITION								17
5	STATEMENT OF FINANCIAL PERFORMANCE								18
6	STATEMENT OF CHANGES IN NET ASSETS								19
7	CASH FLOW STATEMENT								20
8	ACCOUNTING POLICIES								21
9	NOTES TO THE ANNUAL FINANCIAL STATEMENTS								29
9	APPENDICES								
A	SCHEDULE OF EXTERNAL LOANS								45
B	ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT								46
C	SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT								48
D	SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE								49
E	ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)								50
F	ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT								51

			G	DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF OF THE	52	
				MUNICIPAL FINANCE MANAGEMENT ACT		
			H	STATISTICAL INFORMATION	53	

MOSES KOTANE LOCAL MUNICIPALITY					
GENERAL INFORMATION					
FOR THE YEAR ENDED 30 JUNE 2009					
	SPEAKER				
	COUNCILLOR: M NONDZABA				
	MAYOR				
	COUNCILLOR: P. MOLELEKENG				
	MEMBERS OF THE EXECUTIVE COMMITTEE				
	COUNCILLOR: P L MOLELEKENG (CHAIRPERSON)				
	COUNCILLOR: D R TLABYANE				
	COUNCILLOR: G MTSHALI				
	COUNCILLOR: P MOLOI				
	COUNCILLOR: M F MOKATI-THEBE				
	COUNCILLOR: A SETOU				
	COUNCILLOR: E D MOGALE				
	COUNCILLOR: D E MEKGWE				

MEMBERS OF THE COUNCIL			
WARD	COUNCILLOR		
1	H NDLOVU		
2	V L LEFOROE		
3	M P MOTLHABANE		
4	M F MOKATI-THEBE		
5	M G RAMAPOTOKA		
6	D R TLABYANE		
7	S S C NTSHABELE		
8	D M LEOTO		
9	K MOTSHEGOE		
10	L NTSAMAI		
11	MATSHERENG		
12	B V MOATSHE		
13	T MANGANYE		
14	J L MASILO		
15	M R SEEMA		
16	J SELOTLEGO		
17	M J TSHITE		
18	A M LESEYANE		
19	J MEKGWE		
20	L KGASOANE		
21	S VAVA		
22	M K KHUNOU		
23	T J KAU		
24	L MAGOME		
25	E MOSWEU		
26	D MOFOLO		
27	S MOGOROSI		
28	L MOATE		
29	T J MOENG		
30	O D MAHUPELA		

MOSES KOTANE LOCAL MUNICIPALITY

GENERAL INFORMATION

a

FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

MEMBERS OF THE COUNCIL: PROPORTIONAL

COUNCILLOR

E D MOGALE
E MOLOTSI
G MTSHALI
M MOLATUDI
M NONDZABA
P L MOLELEKENG
M MONYATSI
M SEGODI
L NHLAPO
P BOSIELO
R DIALE
T P SEKOKO
A SETOU
J MOOKANENG
E T LEPHOTO

COUNCILOR

D E MEKGWE
C MONTSHO
M J DITIBANA
M RASEPAE
R MOTLHAGA
K NTSHWAGONG
D MODIKELA
B R MOTSHWAEDI
C P SEPHOTI
P B MATHOPE
P MOLOI
B RAKATANE
P M MAOTA
J MOKAE
G RAMORWESI

GRADING OF LOCAL AUTHORITY

NONE

AUDITOR

The Auditor General

BANKERS

ABSA Bank
Rustenburg

REGISTERED OFFICE

Civic Centre
Mogwase

Private Bag X 1011
Mogwase
O314

Telephone: (014) 555 1300
Fax : (014) 555 6368
Email :
municipalmanager@moseskotane.gov.za

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 5 to 53 were approved by the Municipal Manager on 31 October 2009 . It will be presented to the Executive Committee and Council during December 2009 .

**MUNICIPAL
MANAGER**

Mr. G.J. Moatshe (B. Com; B. Ed.)

CHIEF FINANCIAL OFFICER

Mr. J.T POTGIETER (A.I.T.C.)

REPORT OF THE CHIEF FINANCIAL OFFICER FOR THE YEAR ENDED 30 JUNE 2009

1. INTRODUCTION

The 2008-2009 financial year brought new challenges as MKLM had to convert to the GRAP standards for accounting purposes. The restructuring of the Asset Register took considerable time to complete as the necessary information was not readily available. The technical task team had to rely on various service providers to obtain drawings and plans of infrastructure and assets transferred from state departments and the previous governing authorities. Although a reasonable reliable asset register was developed and compiled it will take at least another two years to complete the asset maintenance system to such a level that it will place the council in a position to manage and control all assets in detail.

The Integrated Development Plan was totally revised as well as sectoral plans developed such as the Agriculture Master Plan, the Water Services Development Plan and the Spatial Development Framework.

The financial year ended with a surplus of R 48 082 521.

The surplus is due to the implementation of GRAP.

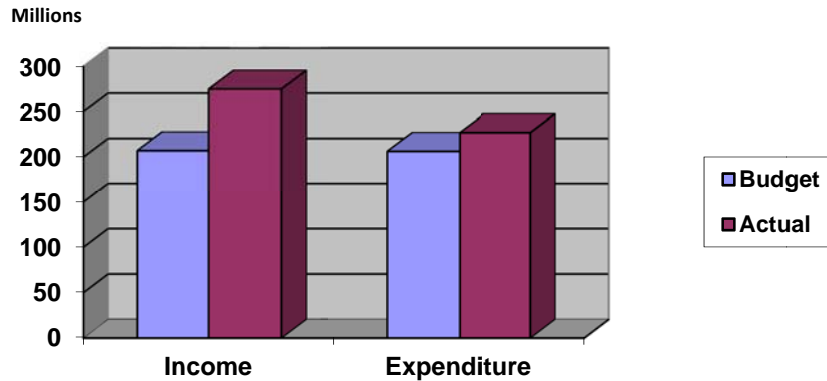
The implementation of GRAP also resulted in the increase of the Accumulated Surplus from R5 020 061 to R 67 622 135

The decrease in debtors by an amount of R 5 422 801 is mainly due to payments received on outstanding service accounts from National- and Provincial Departments. Although payments were received the outstanding balances of National and Provincial Departments as well as Provincial Corporations (NWDC) amounted to R 28, 4 million on 30 June 2009. Liaison with the Department of Local Government and Housing (NW), the Office of The Premier and Provincial Treasury are in process to address this issue.

2. REVIEW OF OPERATING RESULTS

Details of the operating results per department and classification of income and expenditure are included in appendices D and E. A graphical presentation of the operating results is shown in the graph below:

OPERATING RESULTS 2008/2009



The overall operating results for the year ending 30 June 2009 are as follows:

Description	Budget 2008//2009 R	Actual 2008/2009 R	Variance Actual! Budget %	Actual 2007/2008 R
INCOME				
Operating income for the year	206 129 174	275 075 270	33,45	171 404 298
Closing deficit				
APPROPRIATIONS	206 129 174	275 075 270	33,45	171 404 298
	1 000 000		-	
	207 129 174	275 075 270	32,80	171 404 298

EXPENDITURE				
Operating expenditure for the year	206 380 287	226 992 749	9,99	170 134 654
Closing surplus	748 887	48 082 521		1 269 644
	207 129 174	275 075 270	32,80	171 404 298

OPERATING INCOME 2008/2009

The variation in income is mainly due to the transfer of the grant received for the implementation of capital projects to revenue. The grant transferred amounts to R 71 818 193.

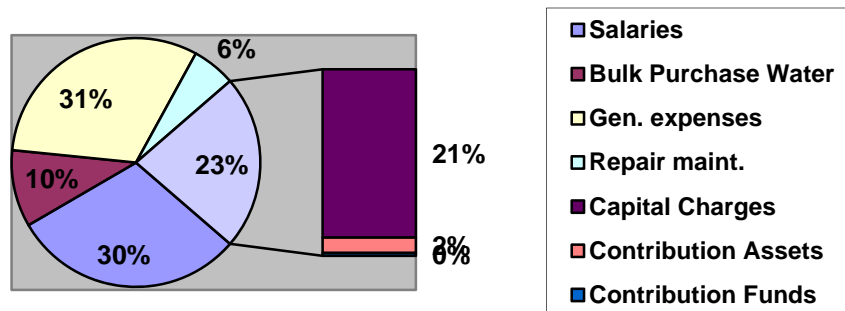
The amount received for Equitable Share also increased from R 85, 3 million to R 108, 1 million

The sale of water decreased by R8 million.

External service providers were appointed to investigate the loss in water supply.

3. OPERATING EXPENDITURE 2008/2009

The graph below indicates the breakdown per main expenditure group before inter departmental charges.



The following shows the expenditure per grouping versus amounts budgeted:

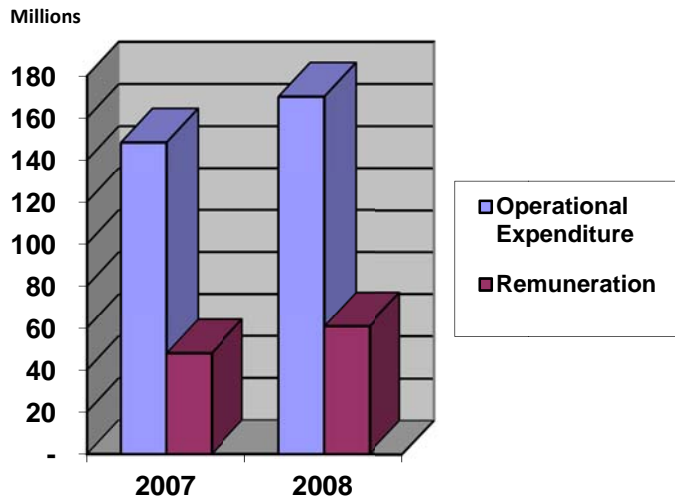
	Budget	Actual	Difference Actual/Budget	Actual

Expenditure	2008/2009	2008/2009	2008/2009	2007/2008
	R	R	R	R
Remuneration	79 319 879	72 028 450	7 291 429	60 678 757
Bulk Purchase of Water	23 000 000	23 748 060	(3 748 060)	24 635 277
General expenses	78 846 695	74 747 835	4 098 860	67 044 583
Repairs and Maintenance	15 455 500	13 482 462	1 973 038	12 648 630
Capital Charges	46 135 115	48 740 906	(2 605 791)	11 057 349
Contribution Fixed Assets	2 825 000	818 410	2 006 590	562 626
Contribution to Funds	4 760 120	4 460 120	300 000	3 905 759
Transfer to/from NDR's	(32 256 748)			0
Less: Amounts Charged out	(11 033 494)	(11 033 494)		(10 398 327)
Net expenditure	207 052 067	226 992 749	19 940 682	170 134 654

The variation between the budgeted amount and the actual expenditure is due to

- i) R40, 8 million the offsetting of depreciation against the operating budget.
- ii) R7, 2 million saving on salaries due to staff vacancies.
- iii) R0, 9 million saving on capital expenditure due to the installation of an IT network in the extension of the Civic Centre that did not materialized.

3.1 REMUNERATION vs OPERATING EXPENDITURE



The increase in remuneration expenditure from the 2007/2008 financial year to the 2008/2009 financial year is due to the filling of vacancies as well as the appointment of temporary workers to full time employees.

The actual expenditure on remuneration expressed as a percentage of the total expenditure shows a decrease from 35, 67% in 2007/2008 to 31, 73 % in 2008/2009.

The saving on expenditure of R 7, 2 million on remuneration compared to the budget can be attributed to savings realized on vacancies not filled as well as vacancies filled at a later stage during the financial year.

3.2 GENERAL EXPENDITURE

SAVINGS

The following savings mainly contributed to the variation in budgeted and actual expenditure

- Refurbishment Cost R 1, 8 million

Various items were overspent due to the under provision for expenditure on the budget.

The following increases in expenditure contributes to the variation in actual expenditure

During the 2007/2008 and 2008/2009 financial years:

- Audit Fees R 0, 9 million

- Depreciation on Property Plant and Equipment R40, 8 million

- Bulk Purchase of Water R 0, 7 million

-Maintenance Vehicles R 0, 4 million

A committee has been established to investigate the losses in water.

3.3 CAPITAL CHARGES

An amount of R13 878 367 was provided for the servicing of existing external loans as well as the raising of new loans.

An application for a loan was submitted to the Development Bank of South Africa for the financing of water projects which was approved by DBSA at a very late stage and resulted in savings on capital charges.

3.4 REPAIR AND MAINTENANCE

The over expenditure on repair and maintenance is due to the expenditure on the maintenance of water installations.

3.5 CONTRIBUTIONS

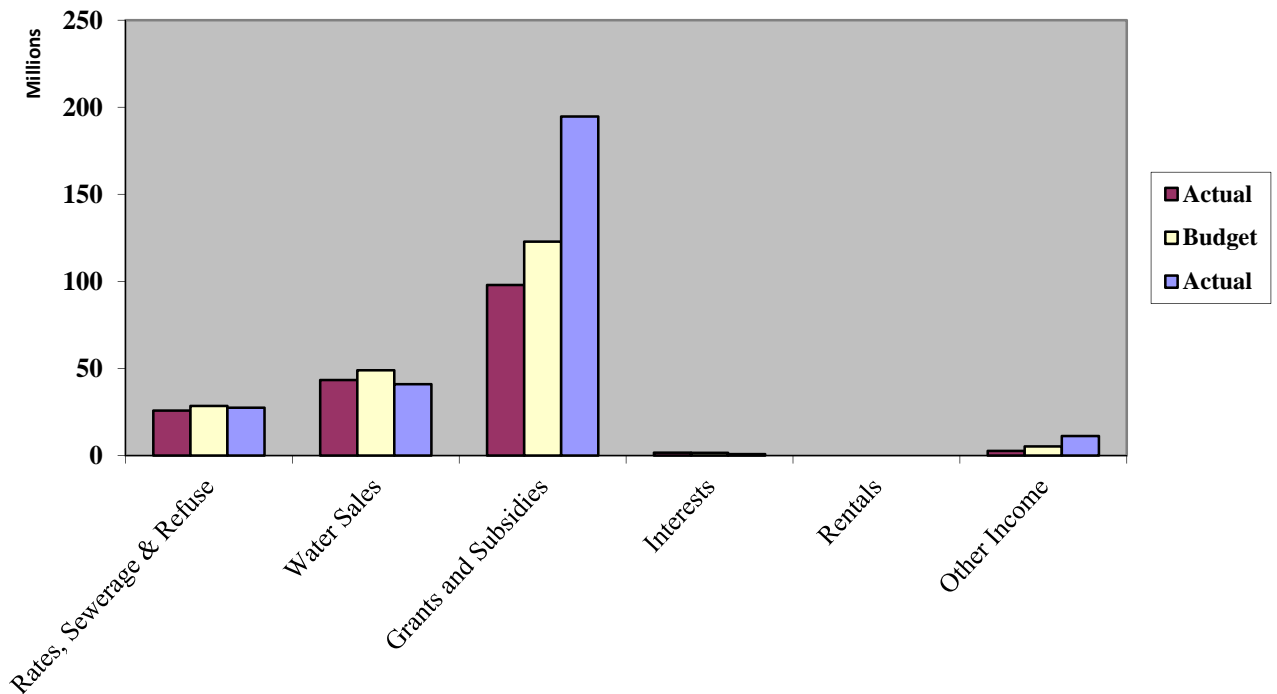
Provisions made for expenditure towards bad debts and leave liabilities were R3, 8 and R0, 4 million respectively.

3.6 LESS: CHARGED OUT

The amount charged out represents administration cost and has no influence on the total expenditure.

4. OPERATING INCOME

The following graph is a presentation of the different income types.



Income per income category is as follows:

INCOME	Budget 2008/2009 R'	Actual 2008/2009 R'	Variance 2008/2009		Actual 2007/2008 R'
			R'	%	
Assessment Rates, Sewerage and Refuse	27 500 000 994 000	26 501 404 985 913	998 596 8 087	3,63 0,81	24 927 800 908 963
Water Sales	48 978 800	40 952 399	8 026 401	16,39	43 360 222
Grants and subsidies	122 795 028	194 656 012	(71 860 984)	(58,52)	97 946 137
Interests	1 600 000	806 854	793 146	49,57	1 617 174
Rentals					
Other income	5 261 346	11 172 688	(5 911 342)	(112,35)	2 644 002
Totals	207 129 174	275 075 270	(67 946 096)	(32,80)	171 404 298

4.1 USER LEVIED CHARGES:

ASSESSMENT RATES

The new Property Rates Act has been implemented as from 1 July 2008 which determined that property rate rates will be calculated on the improved value and no more on the land and improvements respectively

OTHER USER CHARGES

Description	Budget 2008/2009 R'	Actual 2008/2009 R'	Variance 2007/2008 %	Actual 2007/2008 R'
Assessment rates	27 500 000	26 501 404	3,63	24 927 800
Water Sales	48 978 800	40 952 399	6,39	43 360 222
Sewerage charges	381 425	358 180	6,09	345 629
Refuse removal	629 000	627 733	0,20	563 334
Totals	77 489 225	68 439 716	11,68	69 196 985

4.2 TARIFF CHARGES LEVIED:

A new tariff structure for property rates has been implemented as from 1 July 2009

4.3 GRANTS AND SUBSIDIES:

<i>Description</i>	2008/2009		2007/2008	
	Budget R'	Actual R'	Budget R'	Actual R'
Equitable Share	108 114 308	108 114 308	85 308 000	85 307 677
National grants	14 281 028	86 541 704	16 604 000	12 638 460
Provincial grants	400 000			
District Municipality				
Total	122 795 336	194 656 012	112 682 000	97 946 137

The variation in the actual amounts between the 2007/2008 and 2008/2009 financial years are due to the increase of the equitable share and the transfer of the Municipal Infrastructure Grant

to revenue.

4.4 TRADING SERVICES

The total water services operation was transferred on 1 July 2006 and the trading results are indicated under user charges.

5. MUNICIPAL DEBT

At the end of the financial year the amounts borrowed and outstanding were as follow:

Type of debt	2008/2009 R'	2007/2008 R'
Long-term loans	73 482 370	62 759 201
External funds: Total	73 482 370	62 759 201

An amount of R15, 4 million was raised for the erecting of Community Halls and various Water projects.

6. ACCUMULATED FUNDS, RESERVES AND PROVISIONS

Detail of the reserves and provisions are stated in Notes 1, 3 and 10.

Description	2008/2009 R'	2007/2008 R'
Provision for leave	5 989 536	3 691 508
Provision for Bad Debt	35 144 950	22 124 944
Accumulated surplus	40 651 326	5 020 061

The increase in the Accumulated Surplus is due to the implementing GRAP

7. DEBTORS

Details regarding the debtors are provided in Notes 9 and 10.

The consumer debtors decreased by R5, 4 million due to payment received from Provincial Government regarding outstanding service charges accounts.

The credit control measures for the recovering of outstanding debts will be strictly implemented

<i>Description</i>	2008/2009 R'	2007/2008 R'	2006/2007 R'
Debits levied	68 439 716	69 196 985	61 443 486
Balance on 1 July	81 511 960	52 159 381	29 214 485
Balance on 30 June	76 089 159	81 511 960	52 159 381
Average balance	78 800 560	66 835 521	40 686 933

8. CAPITAL EXPENDITURE AND FINANCING

As far as the capital expenditure is concerned, Council addressed the backlog in certain areas without neglecting the current assets. Backlogs in infrastructure were given a very high priority during the approval of the capital- and operating expenditure. In addition, the Council adhered to guidelines that National Treasury had set for capital expenditure while capital expenditure program was IDP driven. The expenditure incurred during the year in respect of fixed assets, amounted to R 127 134 382 which includes land transfers to the amount of R 23 956 474

A major task, which took seven years, was completed when thousands of hectares of land was transferred from the National Department of Land Affairs. The formal establishment of all town ships in Mogwase has now been completed and title deeds held by Grants converted in to freehold titles. The Council now owns thousands hectares of vacant land that can be made available for development purposes.

The table shows the distribution of the fixed assets according to the type of asset:

Type of Asset	Original Budget 2008/2009 R'	Actual 2008/2009 R'	Actual 2007/2008 R'
Land and Buildings	7 456 000	4 873 115	5 627 569
Infrastructure	84 560 84	84 560 684	26 309 469
Community Assets	49 087 000	3 989 903	7 323 186
Heritage Assets		0	0
Other Assets	29 384 684	9 754 206	2 621 308
Land Transfer		23 956 474	226 143 000
Total	122 377 684	127 134 382	268 024 529

The above-mentioned fixed assets were financed from the following sources:

Type of finance	Budget 2008/2009 R'	Actual 2008/2009 R'	Actual 2007/2008 R'
External Loans	54 045 000	25 770 462	8 604 628
Capital Reserve Fund			983 883
Grants	117 125 131	95 774 667	256 663 329
Own Revenue	5 704 000	5 589 253	1 772 689
General Capital			
	176 995 131	127 134 382	268 024 529

SUBSEQUENT EVENTS

9. INVESTMENTS

External investments on 30 June 2009 amounted to R2 895 150 compared to R10 402 146 for 2007/2008.

INVESTMENTS AS AT 30 JUNE 2009	
INSTITUTION	AMOUNT
ABSA Fixed Deposit-12 Months	162 801
ABSA Call Accounts	2 732 349
Total Investments	2 895 150

10. HOUSING

The council is acting as an agent for the Northwest Province for the building of RDP houses.

The property on which the houses are build belongs to the Traditional Authorities in that area and not to the council.

The houses will also be the registered in the name of the beneficiary whom is receiving a subsidy from Provincial Government.

The money received from the Northwest Province is paid into a separate bank account from where the suppliers are being paid.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, the Executive Committee, Municipal Manager, Councilors and Departmental Managers for the support they have given to the department during the 2008/2009 financial year. A special word of appreciation is extended to the team of the Budget and Treasury Office for the months of hard work, sacrifices and dedicated efforts during the financial year to enable us to finalize these financial statements. A special word of thanks to my Deputy Director for his dedication and countless days and nights spend to achieve the goals.

J T Potgieter

Chief Financial Officer

Moses Kotane Local Municipality

Date: 31 October 2009

MOSES KOTANE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

NET ASSETS AND LIABILITIES	Notes	2009	2008
		R	R
NET ASSETS		447,159,921	583,103,413
Government Grant Reserve		379,537,786	553,597,601
Capitalisation Reserve		0	
Donations and Public Contribution Reserve		0	
Accumulated Surplus		67,622,135	29,505,812
NON - CURRENT LIABILITIES		65,728,550	58,627,686
Long - Term Liabilities	1	65,728,550	58,627,686
Non - Current Provisions			
CURRENT LIABILITIES		85,570,578	66,580,278
Consumer Deposits			
Provisions			
Creditors	3	54,829,362	38,832,422
Unspent Conditional Grants and Receipts	4.1	14,489,902	14,053,702
VAT	5	8,497,493	9,562,639
Bank Overdraft			
Current Portion of Long- Term Liabilities	1	7,753,821	4,131,515
TOTAL NETT ASSETS AND LIABILITIES		<u>598,459,049</u>	<u>708,311,377</u>

ASSETS

NON - CURRENT ASSETS		480,461,679	625,004,051
Property, Plant and Equipment	6	480,298,878	624,856,393
Investment	7	162,801	147,658
Long - Term Receivables			
CURRENT ASSETS		117,997,370	83,307,326
Inventory	8	45,635,674	2,309,776
Consumer Debtors	9 & 10	40,944,209	59,387,016
Other Debtors	11	23,416,147	5,863,819
Current Portion of Long- Term Debtors			
Call Investment Deposits	12	2,732,349	10,254,488
Bank Balance and Cash	13	5,268,991	5,492,227
TOTAL ASSETS		598,459,049	708,311,377

MOSES KOTANE LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Property Rates	14	26,501,404	24,927,800
Property Rates - Penalties imposed and collection charges			
Service Charges	15	41,938,312	44,269,185
Rental of facilities and equipment			
Interest earned - external investment	22	806,854	
Interest earned - outstanding debtors			
Traffic Fines	App E	2,480,455	
Government Grants and Subsidies	16	194,656,012	97,946,137
Other Income	17	3,117,291	4,261,176
Sale of Stands	App E	5,420,545	
Gains on disposal of property plant and equipment	App E	154,397	
TOTAL REVENUE		<u>275,075,270</u>	<u>171,404,298</u>
EXPENDITURE			
Employee related costs	18	59,773,590	49,748,565
Remuneration of Councilors	20	12,254,860	11,233,308
Bad Debts		3,860,120	2,472,831
Collection Costs		0	0
Depreciation	6	40,771,995	0
Repairs and Maintenance		15,467,640	12,648,630
Interest paid	21	7,785,875	7,371,969
Finance charges on external loans		183,036	
Bulk purchases	22	23,748,060	24,635,277
Contracted services		13,686,997	13,691,108
Contribution to funds		600,000	1,432,928
Contribution to capital expenditure		818,410	562,626
General Expenses		48,036,584	46,337,412
Loss on disposal of property, plant and equipment		5,582	0
TOTAL EXPENDITURE		<u>226,992,749</u>	<u>170,134,654</u>
SURPLUS FOR THE YEAR		48,082,521	1,269,644
Refer to Appendix E for the comparison with the approved budget			

MOSES KOTANE LOCAL MUNICIPALITY

STATEMENT OF CHANGE IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Pre - GAMAP Old Reserve s and Funds R	Govern ment Grants Reserve s R	Capitalis ation Reserves R	Donation and Public contribution Reserves R	Accumul ation Surplus / (Deficit) R	Total R
2008						
Balance at 1 July 2007	657,624,727				14,768,705	672,393,432
Implementation of GAMAP (Note 25)	- 657,624,727	320,027,068			34,530,669	- 303,066,990
Restated balance	0	320,027,068			49,299,374	369,326,442
Surplus/ (Deficit) for the year					1,269,644	1,269,644
Capital grants used to purchase PPE		256,663,329			-	-
Donated / Contributed PPE					256,663,329	
Offsetting of depreciation		- 23,092,796			23,092,796	
Balance at 30 June 2008		553,597,601			- 183,001,515	370,596,086
2009						
Correction					212,507,327	212,507,327

Restated balance		553,597, 601			29,505,81 2	583,103, 413
Surplus /Deficit for the year					48,082,52 1	48,082,5 21
					-	
Capital grants used to purchase PPE		71,818,1 93			71,818,19 3	
Donated/ Contributed PPE		-				
		4,142,40 4				
Assets disposal		-			4,142,404	
		35,492,3 10			35,492,31 0	
Offsetting of depreciation		-				
		206,243, 294			22,217,28 1	22,217,2 81
Correction of error						
Balance at 30 June 2009		379,537, 786			67,622,13 5	447,159, 921

MOSES KOTANE LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	2008
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		264,039,128	199,404,798
Cash paid to suppliers and employees		-141,504,849	-162,675,747
Cash generated from /(utilised in) operations	27	122,534,279	36,729,051
Interest received	22	806,854	1,617,174
Interest paid	21	-7,785,875	-7,371,972
NET CASH FROM OPERATION ACTIVITIES		115,555,258	30,974,253
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	-103,177,908	-41,881,528
Proceeds on disposal of property, plant and equipment	App E	154,397	0
Loss on disposal of property, plant and equipment	27	-5,582	
Decrease in non- current receivables			
Increase in non- current investment	7	15,143	10,675
NET CASH FROM INVESTING ACTIVITIES		-103,013,950	-41,870,853
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/ (repaid)	App A	15,410,365	10,000,000
Increase in consumer deposits		0	0
NET CASH FROM FINANCING ACTIVITIES		15,410,365	10,000,000

NET DECREASE IN CASH AND CASH EQUIPMENT		<u>27,951,673</u>	<u>-896,600</u>
Cash and cash equivalents at the beginning of the year	28	15,746,715	96,008,269
Cash and cash equivalents at the end of the year		<u>7,904,850</u>	<u>15,746,715</u>

MOSES KOTANE LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP).

The Standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GAMAP 4	Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 6, 7 & 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.	

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 30.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

2. PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These Annual Financial Statements have been prepared on a going concern basis.

5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The following provisions are set for the creation, feasibility and utilization of the CRR:

- The cash funds which back up the CRR are invested until utilized. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR can only be utilised to finance items of property, plant and equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.
- Profit on the sale of land during a financial year is reflected in the Statement of Financial Performance. Profit on the sale of land more than budgeted is transferred annually via the Statement of Changes in Net Assets to the CRR, provided that it cash backed.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GRAP municipalities are expected to transfer the balances held in certain funds, created in terms of various Provincial Ordinances, to the Capitalisation Reserve. This municipality had no funds established in terms of previous legislation with the result that there are no transactions reflected in this regard.

Capitalisation Reserve (Continued)

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant

and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit) via the Statement of Changes in Net Assets.

5.4 Public Contributions Reserve

When items of property, plant and equipment are financed from donations or public contributions, a transfer is made from the accumulated surplus to the Public Contributions Reserve equal to the donations or public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions Reserve to the accumulated surplus.

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed, the balance in the Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives which are reflected and approved by council in the Asset Management Policy of the Council;

<u>Years</u>		<i>Other</i>	
<u>Years</u>			
<i>Infrastructure</i>			
Roads and Paving	10	Buildings	30
Streetlights	25	Specialist vehicles	10
Water Meters	20	Motor Vehicles Petrol	5
Electricity	30	Motor Vehicles Diesel	7
Water	20	Office equipment	5
Sewerage	20	Furniture and fittings	7
		Bins and containers	5
<i>Community</i>		Specialised plant and equipment	10
Buildings	30	Other items of plant and	
		Equipment	2-5
Recreational Facilities	30	Landfill sites	30
Swimming Pools	20		

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

7. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at cost in certain instances while property transferred by the Department of Land Affairs in recent years are stated at the latest municipal valuation as reflected in the valuation roll.

8. INVESTMENTS

8.1 Financial Instruments

Financial instruments, which include fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2 Investment in Municipal Entities

Municipality

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

Group

The financial statements of the Moses Kotane Development Agency are attached

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charge is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

12.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

19. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

20. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease

21. RETIREMENT BENEFITS

The municipality does not provide retirement benefits for its employees and councillors.

22. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance

23. COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

20.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

MOSES KOTANE LOCAL MUNICIPALITY												
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009												
								2009	2008			
								R	R			
1. LONG - TERM LIABILITIES												
Annuity Loans								73,482,371	62,759,201			
Sub- total								73,482,371	62,759,201			
Less : Current portion transferred to current liabilities								7,753,821	4,131,515			
Total External Loans								65,728,550	58,627,686			
Refer to Appendix A for more detail on long- term liabilities												
2. PROVISIONS												
Performance bonus								0	0			
Total provisions								0	0			
Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.												
No performance bonuses were paid during the 2007/2008 financial year												
3. CREDITORS												
Trade creditors								27,819,490	13,711,269			
Payments received in advance								128,634	128,634			
Staff leave								5,989,536	3,691,508			
Sundry Creditors Suspense								20,891,702	18,015,848			
Housing									3,285,163			
TOTAL								54,829,362	38,832,422			

Carrying value at 1 July 2008				257,139,251	307,476,702	43,595,025	14,000	16,631,415	624,856,393
Cost				258,082,964	633,545,118	44,572,604	14,000	33,374,662	969,589,348
Correction of error (note 27)									
Accumulated depreciation				-943,713	-326,068,416	-977,579	0	-16,743,247	-344,732,955
Acquisitions				28,829,589	84,560,684	3,989,903	0	9,754,206	127,134,382
Capital under Construction									
Depreciation				-189,906	-35,419,080	-755,503	0	-4,407,506	-40,771,995
Carrying value of disposals				-226,143,000	-	-4,035,795		-741,107	-230,919,902
Cost Accumulated depreciation				-226,143,000	-	-4,174,960		-1,200,600	-231,518,560
Impairment losses						139,165		459,493	598,658
Other movement									
Carrying values at 30 June 2009				59,635,934	356,618,306	42,793,630	14,000	21,237,008	480,298,878
Cost				60,769,553	718,105,802	44,387,547	14,000	41,928,268	865,205,170
Accumulated depreciation				-1,133,619	-361,487,496	-1,593,917	0	-20,691,260	-384,906,292

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							2009		2008	
							R		R	
7. INVESTMENTS										
Financial Instruments										
ABSA Fixed Deposit							162,801		147,658	
							162,801		147,658	
An amount of R107 700 of the investment is ceded to Escom										
serving as a electricity deposit at the Civic Centre										
8. INVENTORY										
Maintenance Materials - at cost							2,992,426		2,309,776	
Water at Cost										
							35,752			
Unsold Properties held for resale										
							42,607,496			
Total Inventory							45,635,674		2,309,776	

	R		R	R
As at June 2009				
Service debtors				
Rates, Refuse and Sewerage	37,313,458			37,313,458
Water	38,775,701		-35,144,950	3,630,751
Total	76,089,159		-35,144,950	40,944,209

MOSES KOTANE LOCAL MUNICIPALITY											
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)											
10. CONSUMER DEBTORS						Gross Balances		Provision for Bad Debts		Net Balance	
						R		R		R	
As at June 2008											
Service debtors											
Rates, Refuse, Sewerage and Water						81,511,960		- 22,124,944		59,387,016	
Total						81,511,960		- 22,124,944		59,387,016	
(Rates, Water, and Sewerage) : Ageing											
Current(0-30days)								813,708		5,671,860	
31 -60 DAYS								5,847,404		17,309,649	
61-90 Days								1,928,949		2,025,221	
91-120 Days								67,479,710		56,505,230	
Total								76,069,771		81,511,960	
Summary of Debtors by Customer Classification											
							Consumers	Industrial/ Commercial		National and Provincial	

										Government
30 June 2009								R	R	R
Current 0-30 Days								1,670,487	1,541,522	2,398,301
31 -60 Days								4,061,842	984,596	800,966
61-90 Days								1,265,434	272,940	390,575
91-120 Days								35,272,849	10,665,061	21,541,800
Sub Total								42,270,612	13,464,119	20,335,040
Less - Provision for bad debts								-13,020,006		
Total debtors by customer classification								29,250,606	13,464,119	20,335,040
Summary of Debtors by Customer Classification										
30 June 2008										
Current(0-30days)								399,508	6,693,496	775,383
31 -60 DAYS								932,279	1,602,401	346,864
61-90 Days								6,727,525	1,333,907	9,248,216
91-120 Days								23,306,383	13,998,725	16,147,272
Less - Provision for bad debts								-22,124,944		
Total debtors by customer classification								9,240,751	23,628,529	26,517,735

Reconciliation of the bad debts provision										
Balance at the beginning of the year								22,124,944	15,002,956	
Contribution to provision								13,020,006	7,121,988	
Bad debts written off against provision								0	0	
Reversal of provision										
Balance at the beginning of the year	end of the year							35,144,950	22,124,944	
11.OTHER DEBTORS								2009		2008
								R		R
Sundry Debtors								181,985		182,674
Suspense Debtors								22,872,306		5,319,289
sale of stands Unit 5								361,856		361,856
Total Other Debtors								23,416,147		5,863,819
12.CALL INVESTMENT DEPOSITS										
ABSA Call Account								510,121		4,435,548
ABSA Call Account MIG								167,447		3,243,744
ABSA Call Account Extension of the Civic Centre								184,711		2,567,663
ABSA Call Account Water and Sanitation Project								1,862,057		
ABSA Call Account Housing Projects								8,013		7,533
Total Call investments								2,732,349		10,254,488

MOSES KOTANE LOCAL MUNICIPALITY							
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)							
				2009		2008	
				R		R	
13. BANK, CASH AND OVERDRAFT BALANCES							
The municipality has the following bank accounts							
Current Account (Primary Bank Account)							
ABSA Rustenburg Branch							
Account Number: 405 041 4471							
Cash book balance at beginning of year				4,277,800		6,088,112	
Cash book balance at end of year				4,174,959		4,277,800	
Bank Statement balance at beginning of year				6,045,852		7,529,637	
Bank Statement balance at end of year				3,340,224		6,045,852	
Mabeskraal Library Account							
Account Number: 405 921 9133							
Cash book balance at beginning of year				92,182		93,404	
Cash book balance at end of year				0		92,182	
Bank Statement balance at beginning of year				92,182		93,404	
Bank Statement balance at end of year				0		92,182	
Housing Account							

Account Number: 405 921 9109						
Cash book balance at beginning of year			1,047,791		2,456,953	
Cash book balance at end of year			91,562		1,047,791	
Bank Statement balance at beginning of year			1,047,791		2,456,953	
Bank Statement balance at end of year			91,562		1,047,791	
LED Account						
Account Number: 405 921 8917						
Cash book balance at beginning of year			50,421		52,659	
Cash book balance at end of year			0		50,421	
Bank Statement balance at beginning of year			50,421		52,659	
Bank Statement balance at end of year			0		50,421	
Traffic Account						
Account Number: 407 011 8019						
Cash book balance at beginning of year			21,033		0	
Cash book balance at end of year			999,470		21,033	
Bank Statement balance at beginning of year			21,033		0	
Bank Statement balance at end of year			999,470		21,033	
Petty Cash			3,000		3,000	
Total Bank Balance			5,268,991		5,492,227	

Total Service Charges				41,938,312		44,269,185

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16.2 MIG Grant											
Balance unspent at beginning of year								5,818,057		0	
Current year receipt								71,818,193		43,278,863	
Conditions met - transferred to revenue								64,496,728		37,460,806	
Conditions still to be met - transferred to liabilities								13,139,522		5,818,057	
16.3 Municipal System Improvement Grant											
Balance unspent at the beginning of year								0		304,000	
Current year receipts								735,000		734,000	
Conditions met - transferred to revenue								735,000		1,038,000	
Conditions still to be met								0		0	
16.4 Finance Management Grant											
Balance unspent at the beginning of year								0			
Current year receipts								500,000		250,000	
Conditions met - transferred to revenue								500,000		250,000	
Conditions still to be met								0		0	
16.5 DWAF Refurbishment Grant											
Balance unspent at the beginning of year								7,796,158		4,809,544	
Current year receipts								2,000,000		11,217,000	

Conditions met - transferred to revenue								8,885,265		8,230,386	
Conditions still to be met - transferred to liabilities								910,893		7,796,158	
16.6 DWAF Operating and Maintenance Grant											
Balance unspent at the beginning of year								0		0	
Current year receipts								9,255,750		7,094,250	
Conditions met - transferred to revenue								9,255,750		7,094,250	
Conditions still to be met								0		0	
16.7 Changes in levels of government grants											
Based on the allocations set out in the Division of Revenue Act (Act no of 2009)											
The equitable share will increase by 24% in the 2009/2010 financial year											
and the MIG allocation will be reduced by 14% in the 2011/2012 financial year.											

MOSES KOTANE LOCAL MUNICIPALITY										
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)										
17. OTHER INCOME										
Other						640,858		78,252		
Photo Copies						12,519		226,762		
Rent Offices						24,897				
Refuse Dump Charges						324,000		324,000		
Clearance Certificates						4,601		960		
Refund LGSETA						167,137				
Water drawn from water Tanks						522				
Water Connections						540,339		190,206		
Advertising						4,257		6,830		
Refund Training						10,499		22,180		
Machinery and Equipment Hire						14,071		36,429		
Cemetery Fees						11,547		6,645		
Interest Received Current Account						864,009		611,407		
Property Transfer Fees						1,050		5,435		
Building Inspection Plan Fees						197,203		24,997		
Tender Document Sales						290,080		157,088		
Blocked Drains						9,702				
Traffic Fines								952,811		
Interest Received on Investments								1,617,174		
Total Other Income						3,117,291		4,261,176		

18. EMPLOYEE RELATED COSTS								
Employee related costs - salaries and wages							46,347,597	37,746,599
Employee related costs - contribution for UIF, pension and medical aids							9,492,716	8,260,036
Travel, motor car, accommodation, subsistence and other allowances							1,314,457	979,764
Housing benefits and allowances							640,506	615,663
Overtime payment							1,978,314	2,146,503
Performance bonus							0	0
Less :employee cost included in other expenses							0	0
Total							59,773,590	49,748,565
Remuneration of the Municipal Manager								
Annual Remuneration							596,384	530,581
Performance Bonuses								
Car allowance							108,000	107,065
Contribution to UIF, medical and pension funds							137,037	138,860
Total							841,421	776,506

MOSES KOTANE LOCAL MUNICIPALITY

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009
(Continued)**

							2009		2008	
19. Remuneration of the Chief Finance Officer							R		R	
Annual remuneration							695,001		530,667	
Performance bonuses										
Car allowance							64,200		53,500	
Contribution to UIF,medical and pension funds							1,539		1,198	
Total							760,740		585,365	
The CFO was appointed as from 1 September 2007										
Remuneration of Individual Executive Directors						Technical Service	Corporate Services	Community Services	Housing and LED	Strategic Management
30 June 2009										
Annual Remuneration						1,488,363	537165	464,600	486,332	457866
Performance bonuses										
Car allowance						257,670	97146	80,254	58,672	98422
Contribution to UIF,medical and pension funds						365,602	42516	130,594	130,444	119963
Total						2,111,635	676827	675,448	675,448	676251
30 June 2008										
Annual Remuneration						1072997	347996	416739	445693	415013
Performance bonuses										
Car allowance						192611	58336	84531	59629	101633

Contribution to UIF,medical and pension funds						2672 67	8281	1186 63	11801 4	10669 4
Total						1532 875	4146 13	6199 33	62333 6	62334 0
20. REMUNIRATION OF CONCILLORS										
							2009		2008	
							R		R	
Mayor's allowance							332,1 96		291,955	
Speaker							263,6 71		232,013	
Executive Committee member' s allowance							1,597, 267		1,530,0 34	
Chief Whip							246,1 81		215,765	
Councilor' s allowance							5,013, 252		4,369,2 58	
Travelling allowance							2,759, 957		2,663,5 77	
Telephone							604,3 51		579,000	
Pension Fund Contribution							1,024, 352		971,617	
Medical Aid Contribution							413,6 33		380,089	
Total councilors' Remuneration							12,25 4,860		11,233, 308	
21. INTEREST PAID										
Long -term liabilities							7,785, 875		7,371,9 72	
Total Interest on External Borrowings							7,785, 875		7,371,9 72	
22. Interest Received										
Interest received on Investments							806,8 54		1,617,1 74	
22. Bulk purchases										
Water							23,74		24,635,	

							8,060		277	
Total Bulk Purchases							23,74 8,060		24,635, 277	
23. GRANT AND SUBSIDIES PAID							None		None	
24. GENERAL EXPENSES										
Rental Operating Lease							443,1 46		253,1 60	
Included in General Expenses are rental leases										
for office equipment from Gestetner and										
Bakwena Systems Integrators (Pty) Ltd										
The municipality do not have the option to take over ownership										
of the equipment when the lease period expires										

MOSES KOTANE LOCAL MUNICIPALITY										
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)										
							2009		2008	
							R		R	
25. Change in Accounting Policy - Implementation of GAMAP										
The following adjustments were made to amounts previously										
reported in the annual financial statements of the Municipality										
arising from the implementation of GAMAP										
25.1	Statutory Funds									
	Balance previously reported;									
	Land Trust Fund								595,888	
	VUNA Awards								750,000	
	Goat feedlot								209,393	
	Loans Redeemed and Other Capital Receipts								657,624,727	
	Total								659,180,008	
	Implementation of GAMAP									
	Transferred to accumulated Surplus/(Deficit)								339,152,940	
	Transferred to government grants reserve								320,027,068	
									659,180,008	
25.2 Provision and Reserves										

Balance previously reported										
Staff bursary reserve										
Total									0	
Implementation of GAMAP										
Transferred to accumulated surplus/(deficit)										
25.3 Inventory										
Balance previously reported										
Implementation of GAMAP										
Transferred from Accumulated Surplus - Refer Note 25.7										
Total									0	
Unsold Properties held for resale										
25.4 Non- current provisions									None	

MOSES KOTANE LOCAL MUNICIPALITY										
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)										
25.5 Property, Plant and Equipment									None	
Balance previously reported										
Implementation of GAMAP										
25.6 Accumulated Depreciation										
balance previously reported									0	
Implementation of GAMAP										
Backlog Depreciation : Land and Buildings - Refer Note 25.7									-49,445	
Backlog Depreciation : Infrastructure - Refer Note 25.7									-300,301,961	
Backlog Depreciation ; Community Assets - Note 25.7									-298,153	
Backlog Depreciation : Other Assets - Note 25.7									-3,972,712	
Total (debited to accumulated surplus/(deficit)									-304,622,271	
25.7 Accumulated Surplus/(Deficit)										
Implementation of GAMAP										
Adjustment to inventory - Refer Note 25.3										
Excessive provision and reserve no longer permitted										
Transferred from statutory funds									339,152,940	
Backlog Depreciation - Note									-304,622,271	

25.6										
Total									34,530,669	
26.1 CORRECTION OF ERROR										
Contribution from Government Grants									4,056,768	
Unspent Conditional Grants - MIG									-4,057,768	
Net effect on surplus/(deficit)									0	
Financing of water project capitalized during 2007/2008										
financial year from Government Grants (MIG) instead										
of external loans from DBSA										
26.2										
Government Grants									578,686	
Assets Water									-578,686	
Net effect on surplus/(deficit)									0	
Vehicles transferred from Magalies Water Board capitalized at R679 117										
instead of R100 431										
Net effect on surplus/(deficit)									0	

MOSES KOTANE LOCAL MUNICIPALITY									
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)									
27. CASH GENERATED BY OPERATIONS							2009		2008
							R		R
Surplus/(Deficit)for the year						App E	48,082,521		1,269,644
Adjustment for , -									
Previous years operating							-14,519,953		-10,492,869
Depreciation						6	40,771,995		27,588,923
After balance sheet transaction									98,295
Gain on disposal of property, plant and equipment						App E	-154,397		
Loss on disposal of property, plant and equipment							5,582		
Contribution to provisions - non -current									
Contribution to provisions - current									
Interest paid						21	7,785,875		7,371,972
Investment income						22	-806,854		-1,617,453
Non Operating Expenditure									
Non Operating Income									
Operating surplus before working capital changes:							81,164,769		24,218,512
Non Operating Expenditure									
Increase in inventories						8	-682,650		-286,048
(Increase)/decrease in consumer debtors						9 & 10	5,422,801		-29,352,579
(Increase)/Decrease in other debtors						11	-17,552,328		14,102,441

(Decrease)increase in conditional grants and receipts						16	39,249,893		6,559,721
Increase/(Decrease in Creditors)						3	15,996,940		3,676,941
Decrease in VAT						5	-1,065,146		
Increase in VAT									17,810,063
Cash generated by ((utilised in)operations							122,534,279		36,729,051
28. CASH AND CASH EQUIVALENTS									
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:									
Bank balance and cash						13	5,172,501		5,492,227
Bank overdrafts									
Call investment deposits						12	2,732,349		10,254,488
Total cash and cash equivalents							7,904,850		15,746,715
29. UTILISATION OF LONG -TERM LIABILITIES									
RECOGNISATION									
Long-term liabilities							73,482,371		62,759,201
Used to financed property, plant and equipment - at cost							62,146,252		48,859,343
Sub - total							11,336,119		13,899,858
Cash invested for repayment of long-term liabilities									

MOSES KOTANE LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

2009

2008

R

R

30.3 Irregular expenditure

None

31. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

31.1 Contributions to organized local government

Opening balance

0

0

Council subscriptions

419,754

121,734

Amount paid - current year

419,754

121,734

Amount paid - previous year

Balance unpaid (included in creditors)

0

0

31.2 Audit fees

Opening balance

0

0

Current year audit fee

Amount paid - current year

1,734,522

Amount paid - previous year

721,341

Balance

0

0

31.3 VAT

31.4 PAYE, UIF and SDL

Opening balance

0

0

Current year payroll deductions

7,949,845

7,091,662

Amount paid -current year						- 7,949,845			
Amount paid -previous year								- 7,091,662	
Balance unpaid (included in creditors)						0		0	
Total						0		0	

MOSES KOTANE LOCAL MUNICIPALITY											
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009(Continued)											
31.5 Pension and Medical Aid Deductions						2009		2008			
						R		R			
Opening balance						0		0			
Current year payroll deduction and council contribution						11,855,298		9,736,275			
Amount paid - current year						4,969,029					
Amount paid - previously year								3,986,812			
31.6 Councilor's arrear consumer accounts											
The following councilors had arrear accounts for more											
than 90 days, or less, as at											
						Total		Outstand ing less than 90 days		Outstand ing more than 90 days	
						R		R		R	
30th June 2009											
Councilor L P Molelekeng						4,307		566		3,741	
Councilor L T D Ntsamai						480		259		221	
Councilor M Nondzaba						2,741		179		2562	
Councilor J Mookaneng						3,142		123		3019	
Total Councilor Arrear Consumer Accounts						10,670		1,127		9,543	
30th June 2008						Total		Outstand ing less than 90		Outstand ing more than	

									days		90 days
								R	R		R
Councilor D G seema								892	187		705
Councilor Motshegwa								1,249	308		941
Councilor M Nondzaba								1,706	393		1313
Councilor J Mookaneng								723	246		477
Councilor G E Ramoresi								273	227		46
Councilor L M J Tshite								1,032	408		624
Total councilor Arrear Consumer Accounts								5,875	1,769		4106
32. CAPITAL COMMITMENTS											
Approved in respect of capital expenditure											
Land and Buildings								10,204,208	11,010,000		
Infrastructure								80,888,970	46,400,432		
Community								4,264,436	1,226,044		
Heritage											
Other											
Approved but not yet contracted for											
Land and Buildings								5,400,000	6,600,000		
Infrastructure								11,525,264	86,640,759		
Community								1,000,000			
Heritage											
Other								4,436,000	11,790,000		
Total								117,718,878	163,667,235		

[illegible]

MOSES KOTANE LOCAL MUNICIPALITY												
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)												
DISCLOSURES IN TERMS OF SEC. 125 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003												
39	Subsection 125(1)(a): List of all municipal entities under sole or shared control of the municipality during the financial year and as at the last day of the financial year;											
	The Moses Kotane Development Agency (Pty) (Ltd) was established on 8 February 2006.											
	The Council holds all the shares in the company.											
	Subsection 125(1)(c): Particulars of any contingent liabilities of the municipality as at the end of the financial year;											
	<u>Claims against the Municipality</u>											
	1	NORTH WEST DEVELOPMENT CORPORATION (NWDC): BODIRELO INFRASTRUCTURE										
		Claim by NWDC for R 18 000 000 in respect of infrastructure installed by it in Bodirelo Industrial Township during 1990-1991. NWDC also questions municipality's right to hold it liable for the payment of assessment rates.										
		This matter could not be resolved and was submitted to Provincial Treasury in terms of section 44 of the MFMA.										
		From a legal point of view this claim have prescribed in law.										
		<u>Claims on behalf of the Municipality</u>										
	1	CLAIM FOR PAYMENT OF ASSESSMENT RATES: MUNICIPALITY / NWDC										
		The municipality has held NWDC liable for payment of assessment rates in respect of properties "owned" in terms of legislation applicable to municipal rating. The total amount due by NWDC at 30 June 2009, excluding interest, is R 8 029 161.										
		It was suggested that at the very least NWDC should pay the outstanding rates in respect of all properties other than those situated in Bodirelo, pending resolution of the dispute between the municipality and NWDC. This proposal was formally put to the managing director of NWDC and advising that the matter would have to be reported to National Treasury and request the latter to mediate between the parties in terms of sec. 44 of the MFMA, 2003, or alternatively proceed with legal action against NWDC for the recovery of the amount due. This matter has now been referred to Provincial Treasury in terms of Section 44 of the MFMA										
		NWDC is in the process to liaise with the MEC for Economic Affairs to resolve on this matter										
	2	NATIONAL- AND PROVINCIAL DEPARTMENTS- The outstanding property rates and service charges for all departments amounts to R 20 335 038.										
		The matter has been referred to Provincial Treasury in terms of Section 44 of the MFMA.										
	3	CLAIM FOR PAYMENT OF ADVERTISING FEES; MUNICIPALITY/ OASIS INNOVATIONS										
		Oasys Innivation entered into a advertising agreement with the municipality and outstanding										

				advertising fees amounts to R 1 072 685. Summons has been issued and a Court date in	
				the s	High Court is awaited.

MOSES KOTANE LOCAL MUNICIPALITY										
APPENDIX A										
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009										
						Balance at	Received	Redeemed	Balance at	
EXTERNAL LOANS			LOAN	REDEEMABLE	30/06/2008	during the	written off	during the	30/06/2009	
			NUMBER			period		period		
LONG - TERM LOANS					R	R	R	R		
ANNUITY LOANS					-					
ABSA										
Annuity Loan			30-0789-0423	30/09/2011	3,374,470		887,462		2,487,008	
Annuity Loan			64974969	30/09/2009	211,410		193,934		17,476	
Annuity Loan			64974977	30/09/2009	206,440		189,374		17,066	
Annuity Loan			64974985	30/09/2009	168,448		154,523		13,925	
Annuity Loan			64974993	30/09/2009	39,547		36,278		3,269	
Annuity Loan			64975159	30/09/2009	39,547		36,278		3,269	
Annuity Loan			67161926	30/06/2010	496,589		230,163		266,426	
Annuity Loan			67161934	30/06/2010	189,197		87,691		101,506	
Annuity Loan			67161942	30/06/2010	252,407		116,988		135,419	
Annuity Loan			70057773	01/07/2011	161,481		161,481		0	
Annuity Loan			70057781	01/07/2011	179,237		49,537		129,700	
Annuity Loan			70057790	01/07/2011	60,045		16,595		43,450	
Annuity Loan			70057803	01/07/2011	12,495		3,453		9,042	
Annuity Loan			73443909	01/02/2012	374,210		83,041		291,169	
Annuity Loan			73443933	01/02/2012	374,210		83,041		291,169	
Annuity Loan			8065717250		1,512,449		17,126		1,495,323	
TOTAL ABSA					7,652,182		2,346,965		5,305,217	
INCA										
Annuity Loan			MOSE-00-0001	30/12/2014	12,822,811		710,680		12,112,131	

Annuity Loan			MOSE-00-0003	31/12/2024	13,344,877		452,147	12,892,730
Annuity Loan			9078	31/12/2027	9,837,693		148,890	9,688,803
Annuity Loan			18721	28/03/2024	0	3,000,000		3,000,000
TOTAL INCA					36,005,381	3,000,000	1,311,717	37,693,664
DBSA								
Annuity Loan			100840	29/06/2024	8,111,270		193,685	7,917,585
Annuity Loan			100840	29/06/2024	6,602,097		158,470	6,443,627
Annuity Loan			101899	30/06/2021	4,388,245		175,854	4,212,391
Annuity Loan			102482	31/12/2023		12,410,365	500,478	11,909,887
TOTAL DBSA					19,101,612	12,410,365	1,028,487	30,483,490
TOTAL LOANS OUTSTANDING					62,759,175	15,410,365	4,687,169	73,482,371

MOSES KOTANE LOCAL MUNICIPALITY												
APPENDIX B												
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009												
	COST/ REVALUATION						Accumulated Depreciation					Carr ying
	Ope ning	Reclas sificati on	Addi tions	Unde r	Disp osal s	Clos ing	Ope ning	Reclas sificati on	Add ition s	Dis pos als	Clos ing	Valu e
	Bala nce			Cons tructi on		Bala nce	Bala nce				Bala nce	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings												
Land	226, 143, 000		23,9 56,4 74		226, 143, 000	23,9 56,4 74						23,9 56,4 74
Buildings	31,9 39,9 64		4,87 3,11 5			36,8 13,0 79	943, 713		189, 906		1,13 3,61 9	35,6 79,4 60
Total	258, 082, 964		28,8 29,5 89		226, 143, 000	60,7 69,5 53	943, 713		189, 906		1,13 3,61 9	59,6 35,9 34
Infrastructure												
Roads	144, 894, 603		34,7 11,2 42			179, 605, 845	17,1 28,8 07		12,8 52,8 11		29,9 81,6 18	149, 624, 227
Storm water	459, 053					459, 053	16,7 30		45,9 05		62,6 35	396, 417
Bridges	5,28 3,02 3					5,28 3,02 3	278, 826		176, 101		454, 927	4,82 8,09 6
Sewerage Mains & Purification plant	1,19 1,44 0					1,19 1,44 0	107, 230		47,6 58		154, 887	1,03 6,55 3
Street lighting	27,0 11,1 77		15,3 20,2 91			42,3 31,4 69	1,76 1,89 0		898, 859		2,66 0,74 9	39,6 70,7 20
Water Reticulation	170, 056, 067		32,5 81,9 88			202, 638, 055	101, 781, 453		8,12 4,88 1		109, 906, 334	92,7 31,7 21
Water Boreholes	19,0 50,3 66					19,0 50,3 66	7,14 8,10 4		1,01 6,02 0		8,16 4,12 3	10,8 86,2 43

Water Pump Stations	5,02 4,07 1					5,02 4,07 1	3,99 1,83 7		156, 234		4,14 8,07 1	876, 000
Reservoirs – Water	56,3 08,9 80					56,3 08,9 80	42,1 59,6 74		2,72 5,44 9		44,8 85,1 23	11,4 23,8 57
Water Treatment Works	22,4 70,0 96					22,4 70,0 96	17,2 71,8 64		1,00 3,16 4		18,2 75,0 28	4,19 5,06 8
Water Bulk Pipelines	180, 940, 000					180, 940, 000	134, 422, 000		8,37 2,00 0		142, 794, 000	38,1 46,0 00
Refuse Disposal Site	856, 242		1,94 7,16 3			2,80 3,40 5	0		0		0	2,80 3,40 5
Total	633, 545, 118		84,5 60,6 84			718, 105, 802	326, 068, 416		35,4 19,0 80		361, 487, 496	356, 618, 306
Community Assets												
Parks & Gardens	457, 580		555, 927			1,01 3,50 7	103, 357		76,3 33		179, 690	833, 817
Libraries	3,24 5,05 7		183, 411			3,42 8,46 8	114, 627		77,2 37		191, 864	3,23 6,60 4
Recreational Grounds	15,6 80,9 15		1,02 5,68 6		4,17 4,96 0	12,5 31,6 41	378, 847		426, 860	139, 165	666, 542	11,8 65,0 99
Civic Buildings	21,1 36,8 97		2,22 4,87 9			23,3 61,7 76					0	23,3 61,7 76
Cemeteries	4,05 2,15 6		0			4,05 2,15 6	380, 749		175, 072		555, 821	3,49 6,33 5
Total	44,5 72,6 04		3,98 9,90 3		4,17 4,96 0	44,3 87,5 47	977, 579		755, 503	139, 165	1,59 3,91 7	42,7 66,5 32
Heritage Assets												
Sculpture	14,0 00					14,0 00						1400 0
Total	14,0 00					14,0 00						14,0 00
Total carried forward	936, 214, 687	0	117, 380, 176	0	230, 317, 960	823, 276, 903	327, 989, 708		36,3 64,4 89	139, 165	364, 215, 032	459, 061, 871

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009 (Continued)

	Opening	Reclassificati on	Additions	Under Constructi on	Disposals	Closing	Opening	Reclassificati on	Additions	Disposa ls	Closing	Value
	Balance					Balance	Balance				Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	936,214,687	0	117,380,176	0	230,317,960	823,276,903	327,989,708		36,364,489	139,165	364,215,032	459,061,871
Leased Assets												
Other Assets												
Furniture & Fittings	3,860,085		162,166			4,022,251	2,739,873		394,346		3,134,219	888,032
Motor vehicles	19,724,140		8,478,722		1,200,600	27,002,262	8,816,907		2,375,919	459,493	10,733,334	16,268,928
Office Equipment	4,748,565		684,418			5,432,983	2,440,821		888,283		3,329,104	2,103,879
Plant and Equipment	5,041,871		428,900			5,470,771	2,745,646		748,958		3,494,603	1,976,168
Total	33,374,661		9,754,206		1,200,600	41,928,267	16,743,247		4,407,506	459,493	20,691,260	21,237,007
Total assets	969,589,348	0	127,134,382	0	231,518,560	865,205,170	344,732,955		40,771,995	598,658	384,906,292	480,298,878

MOSES KOTANE LOCAL MUNICIPALITY												
APPENDIX C												
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009												
	COST						Accumulated Depreciation					
	Opening	Reclassific ation	Addition s	Under Construct ion	Disposal s	Closing	Opening	Reclassific ation	Additio ns	Dispos als	Closing	Carrying
	Balance					Balance	Balance				Balance	value
	R	R	R	R	R	R	R	R	R	R	R	R
Executive & Council	5,370,128		3,632,993		447,671	8,555,450	2,924,869		590,976	409,054	3,106,791	5,448,659
Finance & Admin	1,096,671		519,443			1,616,114	493,614		263,502		757,116	858,999
Finance & Admin Property	282,727,950		31,061,007		226,143,000	87,645,957	3,266,800		676,477		3,943,278	83,702,680
Finance & Admin Other	31,579		1,951,629			1,983,208	24,996		84,404		109,399	1,873,809
Planning & Development	1,836,128		0			1,836,128	1,331,537		305,343		1,636,881	199,247
Libraries	3,245,057		183,411			3,428,468	114,627		77,237		191,864	3,236,604
Cemeteries	4,052,156		551,430			4,603,586	380,749		187,917		568,666	4,034,920
Sport & Recreation	16,954,165		1,581,613		4,174,960	14,360,818	964,924		716,749	139,165	1,542,508	12,818,310
Public Safety	0		613,498			613,498	0		321		321	613,177
Waste Water Management	1,191,440		0			1,191,440	107,229		47,658		154,887	1,036,554
Waste Management Solid Waste	856,242		1,947,163			2,803,405					0	2,803,405
Road Transport	196,214,196		51,215,131			247,429,327	27,686,165		16,111,163		43,797,328	203,631,999

Water	456,013, 637		33,877,0 63		752,929	489,137, 771	307,437, 445		21,710, 248	50,439	329,097, 254	160,040, 517
TOTAL	969,589, 348		127,134, 382		231,518, 560	865,205, 170	344,732, 955		40,771, 995	598,65 8	384,906, 292	480,298, 878

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008	2008	2008					2009	2009	2009
Actual	Actual	Surplus/					Actual	Actual	Surplus/
Income	Expenditure	(Deficit)					Income	Expenditure	(Deficit)
R	R	R					R	R	R
	36,796,699	-36,796,699		Executive & Council			0	43,718,918	-43,718,918
113,681,270	21,371,031	92,310,239		Finance & Admin			216,047,262	22,286,816	193,760,446
	9,155,102	-9,155,102		Finance & Admin Property			24,898	10,221,266	-10,196,368
	10,228,113	-10,228,113		Finance & Admin Other			0	13,468,571	-13,468,571
	7,941,498	-7,941,498		Planning & Development			134,168	9,660,914	-9,526,746
226,762	238,356	-11,594		Libraries			12,519	441,189	-428,670
6,645	201,281	-194,636		Cemeteries			11,547	500,098	-488,551
	5,815,757	-5,815,757		Sport & Recreation			0	6,667,423	-6,667,423
952,811	782,766	170,045		Public Safety			2,480,455	710,132	1,770,323
345,629	2,259,756	-1,914,127		Waste Water Management			367,882	1,959,179	-1,591,297
887,334	16,395,036	-15,507,702		Waste Management Solid Waste			951,733	16,633,151	-15,681,418
577,794	12,582,702	-12,004,908		Road Transport			2,295,796	30,470,828	-28,175,032
54,726,053	56,764,884	-2,038,831		Water			52,749,010	81,287,758	-28,538,748
171,404,298	180,532,981	-9,128,683		Sub Total			275,075,270	238,026,243	37,049,027

	-10,398,327	10,398,327		Less: Inter-departmental charges				11,033,494	11,033,494

MOSES KOTANE LOCAL MUNICIPALITY

APPENDIX E

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	2009	2009	2009	2009	Explanation of Significant Variances			
REVENUE	Actual	Budget	Variance	Variance	greater than 10% versus Budget			
	R	R	R	%				
Property rates (see note 14)	26,501,404	27,500,000	-998,596	-3.63%				
Service charges (see note 15)	41,938,312	49,972,800	-8,034,488	-16.08%	Less water was sold than budgeted for			
Rental of facilities and equipment				0.00%				
Interest earned - external investments	806,854	2,600,000	-1,793,146	-68.97%	Less funds were invested than anticipated for			
Interest earned - outstanding debtors	0	-	-	0.00%				
Traffic Fines	2,480,455	2,511,246	-30,791	-1.23%				
Dividends	-	-	-	0.00%				
Licenses and permits	-	-	-	0.00%				
Sale of Stands	5,420,545	-	5,420,545					
Government grants and subsidies	194,656,012	122,795,028	71,860,984	58.52%	MIG allocation of R71 818 191 was not included			

						In the budget			
Other income (see note 17)	3,117,291	750,100	2,367,191	315.58%		Interest on current account was not allocated			
						under other revenue on the budget.			
						provision was not made for water connections			
						on the budget			
Gains on disposal of property,	154,397	-	154,397			Provision was not made on the budget			
Plant and equipment						for gains regarding the disposal of assets			
Less: Income forgone	-	-	-	0.00%					
Transfer from Appropriations		1,000,000	-1,000,000						
Total Revenue	275,075,270	207,129,174	67,946,096	31,52%					
EXPENDITURE									
Executive & Council	42,380,193	44,149,808	-1,769,615	-4.01%					
	14,229,230	17,813,013	-3,583,783	-20.12%		Low spending on personnel and general			
Finance & Admin						Expenditure			
Finance & Admin Property	10,221,266	10,568,516	-347,250	-3.29%					
Finance & Admin Other	13,468,571	14,117,190	-648,619	-4.59%					
Planning & Development	9,099,069	12,099,237	-3,000,168	28.00%		Provision was not made for depreciation			

Libraries	441,189	878,229	-437,040	-49.76%		Security paid under Safety and Security and less			
						depreciation allocated to Libraries			
Cemeteries	500,098	422,763	77,335	18.29%		Under provision was made for depreciation			
Sport & Recreation	6,667,423	6,442,417	225,006	3.49%					
Public Safety	710,132	2,511,246	-1,801,114	-71.72%		Late appointment of Chief Traffic Officer as well			
						savings on capital expenditure			
Waste Water Management	1,959,179	3,560,448	-1,601,269	-44.97%		Personnel was remunerated under water budget			
Waste Management Solid Waste	16,633,151	15,862,370	770,781	4.86%					
Road Transport	29,395,490	17,532,663	11,862,827	67.66%		Under provision was made for depreciation			
Water	81,287,758	60,422,387	20,865,371	34.53%		Under provision was made for depreciation			
Total Expenditure	226,992,749	206,380,287	20,612,462	9.08%					
NET SURPLUS/(DEFICIT) FOR THE YEAR	48,082,521	748,887							

MOSES KOTANE LOCAL MUNICIPALITY													
APPENDIX F													
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009													
	2009	2009	2009	2009	2,009	2009	Explanation of Significant Variances						
	Actual	Under Construction	Total Additions	Budget	Variance	Variance	greater than 5% versus Budget						
	R	R	R	R	R	%							
Executive & Council	3,632,993		3,632,993	4,300,000	667,007	16%	The sound system for the Council Chamber was not installed as well as savings on the purchase of vehicles						
Finance & Admin	519,443		519,443	2,050,000	1,530,557	75%	The installation of a IT network in the Civic Centre did not realise						
Finance & Admin Property	31,061,007		31,061,007	22,500,000	-8,561,007	-38%	The erection of Community Halls and extension of the Civic Centre						
							Will only realise in the 2009/2010 Financial Year						
Finance & Admin Other	1,951,629		1,951,629	1,700,000	-251,629	-15%	Savings on expenditure						
Planning & Development	0		0	0	0								
Libraries	183,411		183,411	0	-183,411								
Cemeteries	551,430		551,430	600,000	48,570	8%	Saving on expenditure						
Sport & Recreation	1,581,613		1,581,613	1,376,044	-205,569	-15%	Over expenditure on sports projects						
Public Safety	613,498		613,498	800,000	186,502	23%	Purchase of furniture for Traffic department did not realise. Not yet well established						
	0		0	0	0								

Waste Management Solid Waste	1,947,163		1,947,163	2,411,000	463,837	19%	Expenditure on new waste disposal site lower than expected						
Road Transport	51,215,131		51,215,131	69,483,163	18,268,032	26%	Projects on roads not completed as budgeted for						
Water	33,877,063		33,877,063	71,774,922	37,897,859	53%	Late implementation of projects as well as the delay in raising						
							External funding						
TOTAL	127,134,382		127,134,382	176,995,129	-49,860,747								

MOSES KOTANE LOCAL MUNICIPALITY																
APPENDIX G																
DISCLOSURES IN TERMS OF SECTION 123 OF THE MFMA: GRANTS AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2009																
Name of Grant	Name of													Reason for	Did your	Reason
	organ of		Quarterly Receipts			Quarterly Expenditure				Grants and subsidies delay/withheld				Reason for delay/	Municipality	for non-
	state or													withholding	comply with	compliance
	municipal													of funds	the grant	
	entity														framework	
															in the latest	
															Division of	
															Revenue Act	
		September	December	March	June	September	December	March	June	September	December	March	June			
Equitable Share	DPLG	34,913,317	26,184,988	47,016,003		27,028,577	27,028,577	#####	27,028,577	None	None	None	None		Yes	
Municipal Systems Improvement	DPLG	735,000				449,750		179,955	105,295	None	None	None	None		Yes	

Finance Management	DPLG	500,000				405,000		95,000		None	None	No ne	No ne		Yes	
Municipal Infrastructure	DPLG	15,000,000	8,458,000	35,933,000		18,297,898	15,501,889	##### ###	19,694,548	None	None	No ne	No ne		Yes	
Refurbishment	DWAF			2,000,000						None	None	No ne	No ne		Yes	
DWAF Operating and Maintenance	DWAF	4,253,000	1,853,000	1,853,000	1,296,750	4,253,000	1,853,000	1,853,000	1,853,000	None	None	No ne	No ne		Yes	

MOSES KOTANE LOCAL MUNICIPALITY					
APPENDIX F					
STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2009					
General statistics		2009	2008		
Population		236,845	236,845		
Registered voters		116,000	116,000		
Valuation date: January 2008 with effect from 1 July 2008					
Total valuations	Land		407,351,300		
	Improvements		1,808,731,200		
	Improved	2,894,697,700	2,216,082,500		
Provisional Supplementary	Land		47,625,900		
Valuation Roll	Improvements		171,300,000		
	Improved		218,925,900		
Assessment rates					
Calculated on the improved value of the property					
Residential	per rand	0,0030	0.012 & 0.0034		
		Less 17,000 on valuation			
		plus a rebate of 20% if developed			
Mining		0,0528	0.101 & 0.061		
Commercial		0,0178	0.09 & 0.032		
Other properties and right in land		0,0261	0.1173 & 0.0689		
Sun City		0,0273	0.10 6& 0.0244846		

	Government properties and Tertiary Institutions		0,0400	0.1173 & 0.0689	
	Industrial		0,0073	0.09 & 0.032	
			Less 20 %	Less 20 %	
	Number of properties				
	Residential	Formal	3,242	3,242	
	Commercial	Formal	88	88	
	Churches	Formal	36	36	
	Service charges: (Per site)				
	Refuse Removal				
	Residential Madikwe		15.45 plus VAT	14.05 plus VAT	
	Commercial Madikwe		30.90 plus VAT	28.10 plus VAT	
	Residential Mogwase		15.45 plus VAT	14.05 plus VAT	
	Commercial Mogwase		30.90 plus VAT	28.10 plus VAT	
	Sewerage				
	Residential Madikwe		15.45 plus VAT	14.05 plus VAT	
	Commercial Madikwe		30.90 plus VAT	28.10 plus VAT	
	Residential Mogwase		4.95 plus VAT	4.50 plus VAT	
	Commercial Mogwase		30.90 plus VAT	28.10 plus VAT	
	Water				
	Residential		0 to 6kl Free of Charge	0 to 6kl Free of Charge	
			6.1 to 45 kl R7.44	6.1 to 45 kl R6.76	
			45.1kl and above R8.56	45.1kl and above R7.78	
	Small Business and State Department		0 to 45kl R7.44	0 to 45kl R6.76	
			45.1kl and above R8.92	45.1kl and above R8.11	
	Bulk Consumers		R5.60 per kl	R5.10 per kl	
	Industrial and large consumers		R7.67 per kl	R6.97 per kl	
	All water tariffs are excluding VAT				
	Water Statistics				

	Number of users		25,643	20,647	
	KI Purchased		11,299,286	12,045,839	
	KI Sold		6,720,319	6,819,409	
	Free basic KI		1,846,296	1,486,584	
	KI Lost in distribution			3,739,846	
	Percentage lost in distribution		24,18	31,05	
	Cost per kl bought		2.100	2.600	
	Loss in distribution		5,793,263	9,723,599	
	Cost per kl sold		9.49	14.96	
	Income per kl sold		4.78	5.61	
	Number of employees		395	324	
	Number of councilors		60	60	

REPORT OF THE AUDITOR-GENERAL TO NORTH WEST PROVINCIAL LEGISLATURE AND COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF MOSES KOTANE LOCAL MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Moses Kotane Local Municipality which comprise the statement of financial position as at 30 June 2009, the statement of financial performance, the statement of changes in net assets, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages to

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Generally Recognised Accounting Practices (Statements of GRAP) and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for disclaimer of opinion

Provisions

7. The Statements of Generally Recognised Accounting Practices GRAP 19 – *Provisions, contingent liabilities and contingent assets* states that the estimated amount of the outflow of resources to settle the obligation to restore the landfill sites, which is required at the end of the useful life of the landfill site, should be disclosed.
8. Management did not estimate the cost to restore the landfill sites in use, based on the use thereof. It was not possible to perform alternative procedures due to the high level of specialised information required to make such estimation.
9. Consequently, I was unable to verify the completeness and valuation of provisions included in the statement of financial position.

Property, plant and equipment

10. The municipality could not provide sufficient and appropriate audit evidence to support property, plant and equipment of R480 298 878 disclosed in note 6 to the financial statements.
 - a) I was not able to obtain sufficient audit appropriate audit evidence for the difference of R21 951 366 between the asset register and the financial statements.
 - b) Contrary to Statements of Generally Recognised Accounting Practices GRAP 17, *Property plant and equipment*, depreciation of R4 533 684 was not provided for community assets and buildings.
 - c) Backlog depreciation to the value of R32 887 346 was not provided for property, plant and equipment.
 - d) Contrary to Statements of Generally Recognised Accounting Practices GRAP 17, *Property plant and equipment*, assets to the value of R4 158 119 were not capitalised but instead were expensed in the statement of financial performance.
 - e) I was not able to trace community and other assets to the value of R61 643 250 from the floor to the asset and from the physical asset to the register, due to a lack of barcodes and insufficient descriptions in the asset register.
 - f) Other asset additions of 1 240 158 could not be confirmed with sufficient and appropriate audit evidence.
 - g) Statements of Generally Recognised Accounting Practices GRAP 17, *Property plant and equipment* require that each significant serviceable portion must be accounted for and depreciated separately. Infrastructure assets of R356 618 306 were not broken up into serviceable parts and also not depreciated as such.
 - h) Contrary to Statements of Generally Recognised Accounting Practices GRAP 3 prior period errors amounting to R226 143 000 were erroneously disclosed as part of disposals in note 6 to the financial statements.

The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to verify the completeness, existence, valuation and allocation of property, plant and equipment in note 6 to the financial statements.

Inventory

11. The municipality could not provide sufficient and appropriate audit evidence to support inventory journals of R1 930 236. The municipality's records did not permit the application of alternative audit procedures.
12. The municipality could not provide sufficient and appropriate audit evidence to support inventory of R42 607 496 in note 8 to the financial statements. The valuation for unsold properties was significantly lower than the value as per the valuation roll. I was not able to obtain sufficient audit appropriate audit evidence for the difference of R63 103 151.
13. Consequently, I was unable to reliably determine the valuation and allocation of inventory of R45 635 647 disclosed in note 8 to the financial statements.

Debtors

14. The provision for bad trade debts is understated by R34 380 286,00.
15. Trade debtors contained credit balances of R8 283 369 which should be classified as trade creditors.
16. Consequently, I was unable to verify the valuation of other debtors included in the statement of financial position and note 11 to the financial statements.

Revenue

17. Property rates and service charges fall within the definition of revenue as per Statements of Generally Recognised Accounting Practices GRAP 09 - *Revenue from exchange transactions*. Areas within the municipal boundary are not included on the billing system. The municipality's records did not permit the application of alternative audit procedures. I was unable to obtain sufficient appropriate audit evidence to verify completeness of property rates and service charges
18. Contrary to section 97(1)(e) of Municipal Systems Act, 2000 (Act No. 32 of 2000) and the municipality's accounting policy, interest was not levied on debtors' accounts in arrears for the entire financial year.
19. Contrary to accounting policy 12.2, the amount included under revenue in the statement of financial performance did not include the estimated amount for fines. Revenue from spot fines and summonses was not recognised together with an estimate of spot fines and summonses that would be received based on past experience of amounts collected. No historical data was available to determine the estimated amount that would be collected in fines.
20. Consequently, I was unable to reliably determine the completeness of rates and taxes, accuracy and completeness of interest and fines included under revenue in the statement of financial performance.

Expenditure

21. I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance of R 15 457 640 as disclosed in the statement of financial position.
22. Contrary to Statements of Generally Recognised Accounting Practices GRAP 17 Property plant and equipment depreciation, of R 1 086 599, was not provided for Community assets and Buildings.
23. Contrary to Statements of Generally Recognised Accounting Practices GRAP 17 Property plant and equipment depreciation of R 239 262, was not provided for Property, plant and equipment.
24. Consequently, I was unable to verify the accuracy of depreciation in the statement of financial performance.

Statement of changes in net assets

25. I was unable to obtain sufficient appropriate audit evidence for the following balances:

- Government grant reserves of R 06 243 294
- Accumulated surplus/(deficit) of R234 192 625

as disclosed in the statement of changes in net assets.

26. Consequently, I was unable to verify the accuracy and completeness of reserves and surpluses as disclosed.

Cash flow statement

27. I was unable to obtain sufficient appropriate audit evidence for amounts and disclosures included in the cash flow statement and notes thereto. I performed alternative procedures and found incorrect calculations and disclosures in the cash flow statement and notes thereto. I was therefore not able to accurately quantify the misstatements in the cash flow statement and notes thereto. Consequently, I was unable to verify the accuracy, completeness, presentation and disclosure of the cash flow statement and notes thereto.

Related party

28. The disclosure made in the notes to the annual financial statements was not in accordance with the International Public Sector Accounting Standard IPSAS 20 - *Related Party Disclosures*. The municipality's records did not permit the application of alternative procedures.

29. Consequently, I was unable to verify the accuracy and completeness of related-party as disclosed in note **39** to the financial statements.

30. Disclaimer of opinion

29. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the annual financial statements.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Material non-compliance with applicable legislation

31. The municipality did not comply with various requirements prescribed by different legislation, the following being the most important:

Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

32. Contrary to section 122(2) no consolidated financial statements were prepared.

33. Contrary to section 126(1)(a) the annual financial statements of the municipality were not submitted within two months after year-end.

34. Contrary to section 165 there was no internal audit unit and risk assessment plan.

35. Contrary to regulation 46, a declaration register for related-party interest and for gifts, hospitality, favours or benefits offered was not kept.

Internal control deficiencies

36. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the adverse opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for qualified opinion	CE	RA	CA	IC	M
7 - 9	Provisions	5	1	4		1,2,3
10	Property, plant and equipment		1	4	1	1,2,3
11 – 13	Inventory		1	4		1,2,3
14 -16	Debtors		1	4		1,2,3
17 – 20	Revenue	5	1	4	1	1,2,3
21 – 24	Expenditure		1	4		1,2,3
25-26	Statement of changes in net assets		1	4		1,2,3
27	Cash flow statement		1	4		1,2,3
28 – 29	Related parties	5	1	4	1	1,2,3

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	

Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Neither reviews by internal audit or the audit committee nor self -assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

37. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
	Clear trail of supporting documentation that is easily available and provided in		

No.	Matter	Y	N
a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	✓	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines in section 126 of the MFMA.		✓
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 		✓
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		✓
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 		✓
7.	Internal audit		
	<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 		✓
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		✓
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		✓
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		✓

No.	Matter	Y	N
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(c)(i)/95(c)(i) of the MFMA.		✓
12.	Delegations of responsibility are in place, as set out in section 79/106 of the MFMA.		✓
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	✓	
14.	SCOPA resolutions have been substantially implemented.	✓	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Moses Kotane Local Municipality against its mandate, predetermined objectives, outputs, indicators and targets as per sections 68/87 of the MFMA (municipalities).	✓	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

38. I have reviewed the performance information as set out on pages xx to xx.

The accounting officer's responsibility for the performance information

39. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the municipality's annual performance report prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

40. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

41. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
42. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my audit.

APPRECIATION

43. The assistance rendered by the staff of the Moses Kotane Local Municipality during the audit is sincerely appreciated.

Auditor-General

Rustenburg

28 September 2010



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

FINAL REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF MOSES KOTANE DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Moses Kotane Development Agency which comprise the statement of financial position as at 30 June 2009 and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, accounting authority's report, as set out on pages X to X.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in note 1.1 to the financial statements and in the manner required by the MFMA. This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matter(s) described in the basis for disclaimer of opinion paragraph(s), however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Going concern

4. The financial statements were prepared on a going concern basis and did not include any adjustments or disclosures relating to the recoverability and classification of assets and liabilities that may be necessary if the company is unable to continue as a going concern.
5. The following are indicators that the underlying going concern assumptions are not appropriate:
 - The entity is dependent on grants received from its holding entity to sustain current operations. No new contracts were approved and therefore there were no new planned operations for the entity to sustain itself.
 - The current liabilities exceeded the current assets by R686 202. This resulted in the company being technically insolvent. Significant cash-flow difficulties were experienced in terms of the company being unable to make timely payment to creditors and employees.
 - No supporting documentation was received to assure the auditor that the current situation of the entity will improve.

Property, plant and equipment

6. Due to the impact of the prior year qualifications, which have not been addressed, limitation of scope and unresolved prior year errors I was unable to verify the completeness, existence, classification, rights and obligations and disclosure of the opening balances of property, plant and equipment included in the statements of financial position, performance, changes in net assets, cash flow statement and notes to the financial statements.
7. The existence, valuation and completeness of property, plant and equipment (PPE) as disclosed in note to the financial statements could not be verified due to the following:
 - The fixed asset register did not have any reference numbers to facilitate the identification of fixed assets. It was therefore not possible to trace the assets from the asset register to the physical assets.
 - GRAP 17 *Property, Plant and Equipment* states that the cost of an item of PPE shall be recognised if, and only if, it is probable that future economic benefits associated with the line item will flow to the entity and the cost can be measure reliably. Pastel Partner software was included in the asset register at R17 123 which was for the year under review. To date it has not been used and therefore no economic benefits associated with the software will flow to the agency.
 - GRAP 17 states that the residual value and the useful life of an asset should be reviewed at least at each reporting date. The agency did not assess the useful life and residual value of their assets.
 - Assets to the value of R32 199,55 were incorrectly classified as expenditure.
 - Additions of R22 215 included in the asset register do not agree to the additions as per note 2 of the financial statements. Furthermore, supporting documentation for these additions was not submitted for audit purposes.

Inventory

8. The agency does not have an appropriate valuation method in place to value inventory, no stock count was performed at year-end and no proper recording system was in place to record stock movements. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence and valuation of raw material inventory as disclosed in note 4.

Liabilities

9. No supporting documentation was obtained to verify the existence, accuracy and completeness of payables disclosed in note 7.
10. There is an unreconciled difference of R64 466,26 between advances disclosed and the supporting documentation provided.
11. No leave pay provision was created at year-end as required by GRAP 19 *Provisions, Contingent assets and Contingent Liabilities*.
12. Therefore I did not obtain sufficient and appropriate audit evidence to satisfy myself as to the existence, accuracy and completeness of liabilities.

Revenue

13. Brick sales amounting to R442 708,37 were not recorded as sales.
14. Revenue from conditional grants received is not accounted to the extent of actual expenditure committed during the year. The agency could not provide expenditure detail for these conditional grants received and therefore we are unsure if the conditions stipulated by Anglo Platinum have been met before recognising the revenue.
15. Therefore I did not obtain sufficient and appropriate audit evidence to satisfy myself as to the occurrence, accuracy and completeness of revenue.

Operating expenditure

16. The occurrence and accuracy of operating expenditure could not be verified due to a limitation of scope to the following supporting documentation not submitted:
 - Invoices not submitted (R146 518,31)
 - Orders not submitted (R319 408.02)
 - Quotations not submitted (R314 607,57)
17. A difference of R12 509,70 between the supporting documentation of expenditure and actual amount recorded was also noted.
18. No supporting documentation or controls for petty cash expenditure amounting to R18 000 were obtained.
19. Therefore I did not obtain sufficient and appropriate audit evidence to satisfy myself as to the occurrence, accuracy and completeness of operating expenditure.

Employee cost

20. The accuracy and occurrence of the employee cost for employees could not be confirmed as contracts for employment do not exist and payslips were not issued to all employees. Differences between actual amount paid and payslips issued amounted to R120 445,92. Without the employment contract and payslip, there are uncertainties about the existence of an employee and the acceptance of the terms stipulated in the contract that employee.
21. Therefore I did not obtain sufficient and appropriate audit evidence to satisfy myself as to the occurrence, accuracy and completeness of employees cost.

Irregular, fruitless and wasteful expenditure

22. Various instances occurred where the municipal entity did not comply with the supply chain management policy in terms of its expenditure. As a result, irregular expenditure could not be verified. Also see qualification relating to operating expenditure.
23. Fruitless and wasteful expenditure amounting to R113 141,51 was identified but not disclosed as required.

Cash flow statement

24. Presentation of a cash flow statement, summarising the entity's operating, investing and financing activities is required by Standard of Generally Recognised Accounting Practice, GRAP 2, *Cash flow statements*. The cash and cash equivalents at 30 June 2009 of (R155 450) (2008: (R351 285)), presented in the cash flow statement does not agree to the cash and cash equivalents of R3 971 (2008: R33 723) included in the statement of financial position. The cash and cash equivalents in the cash flow statement are understated by R159 421 (2008: R385 008).

Disclosure

25. The following findings were raised in the financial statements and disclosure requirements thereof:
- The terms *statement of financial position* and *financial performance* are not used as required by GRAP 1 *Presentation of Financial Statements* and are in contradiction with the agency's accounting policy
 - The amount of financial assets and inventory disclosed in the balance sheet does not agree with the amount disclosed in the note.
 - No note numbers in the income statement
 - The total column of the statement of changes in net assets does not cast and does not agree with the amount as per the balance sheet.
 - No note for movement disclosed in the prior year in the statement of changes in net assets.
 - No accounting policies disclosed for sub-classification of revenue (brick sales).
 - Inventory
 - Events after balance sheet date
 - Related-party disclosure
 - Provisions, contingent liabilities
 - Amounts disclosed for depreciation in the note to the financial statements does not agree with the income statement or the cash flow statement as it is not disclosed therein.
 - Grants received from Moses Kotane Municipality not separately disclosed.
 - Related-party transactions not disclosed.
 - The following requirements of disclosure of the MFMA was not disclosed: Salaries, allowances and benefits of board members, directors, CEO and senior managers:
 - Type of bank account

- Particulars of contingent liabilities
- Whether the material losses, material irregular or fruitless and wasteful expenditure and/or material unauthorised expenditure is recoverable.
- Any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or fruitless and wasteful expenditure.
- Any material losses recovered or written off.
- Disclosure of any non-compliance with the MFMA.

Accounting records

26. The agency does not have a system for recording all its accounts to ensure that reliance is placed on it for audit purposes, the records did not permit the application of alternative audit procedures which I considered necessary for audit purposes. No ledger and trial balance were prepared and submitted.
27. Due to a limitation of scope imposed by the agency I could not perform alternative procedures to determine the extent of the misstatement. Consequently, I did not obtain sufficient, appropriate audit evidence to determine the occurrence, completeness, existence, accuracy, classification, rights and obligation, and cut-off of the amounts disclosed in the financial statements.

Disclaimer of opinion

28. Because of the significance of the matter(s) described in the basis for disclaimer of opinion paragraph(s), I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Other matters

29. I draw attention to the following matters that relate to my responsibilities in the auditing of the financial statements:

Non-compliance with applicable legislation

- No exemption was obtained for income tax and no provision was made for possible amounts owed to revenue services.
- No directors were appointed and therefore the minimum directors as required by the Companies Act were not met.
- MFMA, sections 124 and 125 disclosure requirements not met
- Due to matters reported under basis of disclaimer of opinion the following sections of the MFMA were not complied with: Section 94(a), 95(b)(c)(d)(e), 96, 97, 98, 99, 102.
- Approved financial statements were not submitted 31 August 2009 as required by the MFMA

Internal control deficiencies

30. The MFMA states that the accounting officer must ensure that the company has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Basis for disclaimer of opinion	CE	RA	CA	IC	M
Opening balances	7		All		1
Going concern	7	2	All		1
Property, plant and equipment	7	2	All	1	1
Liabilities	7	2	All	1	1
Revenue	7	2	All	1	1
Expenditure	7	2	All	1	1
Employees costs	7	2	All	1	1
Accounting records	7	2	All	1	1
Irregular, fruitless and wasteful expenditure	7	2	All	1	1
Cash flow statement	7	2	All	1	1

Legend	
CE = Control environment (ISA 315.14(b) and A69-A75)	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2

Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer/authority does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and security of the data.	2
Manual or automated controls are not designed to ensure that the transactions occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and	6

communicated.	
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting.	1
Reviews by internal audit, the audit committee or self-assessment are not evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

31. The MFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		X

No.	Matter	Y	N
<i>Quality of financial statements and related management information</i>			
2.	The financial statements were not subject to any material amendments resulting from the audit.		X
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		X
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines in section 126 of the MFMA.		X
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.		X
Development of, and compliance with, risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The municipal entity had an audit committee in operation throughout the financial year. 		X
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		X
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 		X
7.	Internal audit		
	<ul style="list-style-type: none"> The Municipal entity had an internal audit function in operation throughout the financial year. 		X
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		X
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		X
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		X
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		X

No.	Matter	Y	N
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		X
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(c)(i)/95(c)(i) of the MFMA.		X
12.	Delegations of responsibility are in place, as set out in [section 79/106 of the MFMA.		X
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		X
14.	SCOPA resolutions have been substantially implemented.		n/a
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		X
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		X
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Moses Kotane Development Agency against its mandate, predetermined objectives, outputs, indicators and targets section 68/87 of the MFMA.		X
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		X

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

32. Performance information was not submitted for audit purposes.

The accounting authority's responsibility for the performance information

33. In terms of section 121(3)(c) of Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the annual report of a municipal entity must include the annual performance report of the municipal entity prepared by the municipal entity in terms of section 46 of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

34. I conducted my engagement in accordance with section 13 of the PAA, read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

35. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

No evidence or information was obtained and therefore no findings could be reported.

APPRECIATION

36. The assistance rendered by the staff of the Moses Kotane Development Agency during the audit is sincerely appreciated.



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL PERFORMANCE REPORT FOR 2008/2009 FINANCIAL YEAR

MAYOR'S FOREWORD

Mose Kotane, as a collective Municipality, also has a mammoth task of improving the lives of the communities. Encompassing a 99% rural setup with 10% income generation of own revenue and dependent on equitable share, it is not an easy task to meet the needs of all the communities geographically spread within 109 settlements. We also share the impatience that our communities find themselves in the past decade, rooted in the crisis of poverty, unemployment, burden of disease and underdevelopment. We are however committed to build on the foundation that was laid in the past decade to achieve faster progress towards a better life for all.

The 2008-2009 financial years brought new challenges as MKLM had to convert to the GRAP standards for accounting purposes. The restructuring of the Asset Register took considerable time to complete as the necessary information was not readily available. The technical task team had to rely on various service providers to obtain drawings and plans of infrastructure and assets transferred from state departments and the previous governing authorities. Although a reasonable reliable asset register was developed and compiled it will take at least another two years to complete the asset maintenance system to such a level that it will place the council in a position to manage and control all assets in detail.

The Integrated Development Plan was totally revised as well as Sectoral plans developed such as the Agriculture Master Plan, the Water Services Development Plan and the Spatial Development Framework.

The following table indicates major Capital Expenditure Projects during the Financial Year which was financed with MIG funds, External Loans, Internal Resources, Transfers and District Municipality funding to the amount of R 127 134 382 million.

CAPITAL EXPENDITURE

Roads and stormwater	R	32 179 644
High mast- and Street lighting	R	15 320 291
Municipal Buildings	R	6 997 690
Parks and Sport Facilities	R	1 581 613
Library	R	168 720
Water provision	R	32 167 822
Land Transfers	R	23 956 474
Solid Waste Disposal Site	R	1 947 163
Vehicles and Equipment	R	12 814 965

Total **R 127 134 382**

Notwithstanding the above mentioned capital spending the backlog in service

delivery remains a huge challenge and the council is doing its utmost best to provide services where it is the most needed.

The Council's Medium Term Revenue and Expenditure Framework for the next three years focus on addressing backlogs in water- and sanitation services while projects such as the new refuse disposal site will improve environmental management to a large extent. Attention is also given to improve recreation facilities and the Mogwase Stadium was upgraded with the support of Rustenburg Local Municipality to provide training facilities for the soccer world cup in 2010.

Please accept my appreciation for support from the Speaker, Chief Whip, Executive Committee members and all part-time Councillors for their assistance in achieving the preset goals. The Municipal Manager and his staff must also be commended for the hard work and dedication to achieve the preset goals.

INTRODUCTION

The municipal performance report is compiled in terms of the municipal of section 46 of the Municipal Systems Act (MSA) of 2000 as amended in 2003. The performance report forms part of the annual report which as promulgated in terms of Chapter 12 of the Municipal Finance Management Act of 2003. In terms of section 46 of MSA a municipality must prepare a performance report to its citizens that reflect the municipality's performance during the year and compare it against targets that were set. It should also indicate measures that are to be taken to improve performance and service delivery priorities for the following financial year. Importantly, the performance report should provide progress in terms of implementation of the General Key Performance Indicators that were promulgated by the Minister of Provincial and Local Government. This forms part of the progress provided in the organizational scorecard. The report has also been compiled as far as possible in accordance with the guidelines as issued by National Treasury. The overview of each functional area is presented in the report together with the description of the activity

The annual report looks retrospectively on the plans that have been made from the IDP process which have been identified by the community on guided by national, provincial and local priorities. The process of reprioritization is then undertaken and an annual programme is outlined through Budget and Service Delivery Budget Implementation Plan (SDBIP) which is guided by the IDP. Therefore the performance report gives an overview of the extent to which the IDP has been implemented.

MUNICIPAL PROFILE

Moses Kotane Local Municipality is one of the five local municipalities (Category B Municipalities) constituting the Bojanala Platinum District Municipality established in terms of the Municipal Demarcation Act (Act No. 27 of 1998). Moses Kotane Local Municipality is bordered by Limpopo Province in the north by Thabazimbi Local Municipality which is situated in Waterberg District Municipality, Madibeng Local Municipality in the east, Rustenburg and Kgetlengrevier Local Municipalities in the south and Ramotshere Moiloa Local Municipality in the west. The Municipality covers an area of approximately 5220km² and is mostly rural in nature, comprising of 107 villages and 2 two formal towns of Mogwase and Madikwe. Moses Kotane Local Municipality population stands at 236 844 according to 2001 Census – Statistics, and presently projections calculated at 2% growth rate stands at 272 058.

CHAPTER 2: MUNICIPAL PERFORMANCE

PERFORMANCE HIGHLIGHTS

The annual report represents the actual performance of the municipality about how it implemented its Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan (SDBIPs). It is a backward looking document that gives an indication as to what the municipality managed to do and what it set out to do to meet its objectives and the targets as originally planned. Below is some of the performance highlights achieved by the municipality during the period under review.

1.1 SERVICE DELIVERY

Water

All households with metered connections were provided with free basic water (6kl) which would comprise of households in urban areas mainly from Mogwase and Madikwe. The remainder, which forms part of the bulk of our services area, is provided with diesel and electricity pumps water from boreholes as a means of supply. In the financial year under review, the municipality budgeted for RDP water supply projects in the following areas: Khayakhulu & Mantsho; Siga; Brakuil; Ramoshibitswana; Uitkuik ; Kameelboom 2. These projects were intended to benefit 5000 households.

The municipality also planned to undertake 500 yard connection water projects at Molatedi, Tlokweng, Pella, Vrede and Seshibitswe. As at end June 2009, 138 connections were completed.

Sanitation

A waterborne sanitation project was identified in Mogwase

Roads & Stormwater

During the year under review a total of 34.7km of roads was constructed, which against a target of 35km which was planned for the current financial year.

Electricity

Community Services

FREE BASIC SERVICES

The Indigent policy was adopted by Council on 15 June 2009. The Equitable share received to the year under review is R108 114 000, with the allocation for as follows:

Water : R28 993 878

Sanitation : R12 500 000

Electricity : R3 000 000

All households are getting free basic water which is accessed as follows: 6 kl for areas where meters have been installed. And average of 3kl in other

areas. Free basic services for sewerage are application based and the total household income should not exceed R1100. Free basic service for refuse removal is application based in formal towns of Mogwase and Madikwe. However free refuse removal is rendered for each and every household in the villages.

SCORECARD- PERFORMANCE AGAINST TARGETS

KEY PERFORMANCE AREA 1. SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Priority Key Performance Area	Corporate Objectives	Key Performance Indicators (KPIs)	Baseline	Target	Actual Achieved 2008/09	Reasons for Under-Performance	Plans for 2009/10
Roads and Stormwater	Development and maintenance of Municipal roads and Stormwater	Length of internal roads constructed	120km	35km	34.7km Roads constructed: Brakuil 4km, Koedospuit 3.2km and Kraalhoek 5.7km, Ratau 4.2km, Seolong 4.1km Brakuil 2.9km, Ratau 4.2km, and Seolong 4.1km Molatedi 2.5km, Katnal 3km, Matau 2.7km, Rampampa 2.8km, Legogolwe 2.5km.	N/A	Construction of 5.5 km internal roads.
		Length of internal roads re-graveled	100km	25km	19km	Shortage of staff operators for some plant. Work disruptions to labour disputes. Frequent breakdown of plant due to ageing	Re-gravel 25 km

		Length of roads bladed	Not recorded	200 km	262km 975 m2,Uitkyk, Mabeskraal, Kofiekraal, Seshibitswe, Maabeskraal, Tlokweg, Pella, Kameelboom, Pella Stadium, Manamela, Mabeskraal, Maologane,Magon g, Mabaalstad, Tweelaagte, Tlokweg, Sefikile, Mabeskraal, Seshibitswe, Mogwase, Pella, Kameelboom,Vrede, Tweelaagte, Witrantjie, Mabeskraal, Sefikile, Pella, Tlokweg, Motlhabe	N/A	Blade 200 km
		Repairs of potholes and other road damages	90km	800m2	Madikwe, Mogwase, Industrial Site, Maologane, Ga-Ramokoka	N/A	
		Regular cleaning of internal streets	Monthly	Monthly	Achieved (100%)	N/A	N/A

		Length of stormwater developed		2.5 km	1.74 km		Develop 2km of stormwater
Water and Sanitation	To provide access to water and Sanitation	Number of households earning less than R1100 with access to Free Basic Water	100%	100%	100%	N/A	
		Number of households with metered water connections	19840	500	276	The metered connections are done as per application.	
		Number of households provided with water at RDP standards	28520	5000	Khayakhulu, & Mantsho 65% progress attained. Ramoshibitswana / Kameelboom 40% & Brakuil 80%; Siga 10% (391 households)	Delay in appointment of contractors.	Management took a decision that Adjudication committee will sit regularly, at least
		% Decrease in water loss	No proper records on water loss	The survey still ongoing. Therefore no realistic target could be determined	2219 pipe leaks have been repaired 31 faulty meters repaired	The survey on water losses not completed.	They survey on water loss will be used to determine the extent of water loss

		Water quality monitoring			Monitoring done at Treatment plants, point of use and bulk reservoirs. No reported failures for the report	N/A	Continuation of water quality monitoring
Sanitation		Number of households provided with waterborne sanitation	4765	150	Mogwase unit 2 project is practically complete, at retention stage.	Project Completed. No connections yet as process of sale of erven is still ongoing.	
		Response time to sewage blockages	12 hours	12 Hours after complaint has received	12 Hours after complaint has received. In cases where additional work is needed it would take not more than 36hrs to close case	N/A	N/A
Electricity	To provide street light electricity	Number of high masts installed	78	129	163 high mast light	Target exceeded.	
		Number of street lights provided through maintenance		60	121. Target has been exceeded. Magong, Tweelaagte, Mogwase, Tweelaagte,	N/A	N/A

					Ledig, Mabaalstad, Ledig, MabeleApodi, Ledig, Tweelaagte Mogwase, Madikwe Pump Station, Maintenance of Municipal Buildings, Kortloof, Mabaalstad, Ledig, Maintenance of Mogwase, Ledig, Moruleng, Lerome, Ledig, Sefikile, Tweelaagte, Madikwe, Siga, Ledig, Mogwase Unit 4,		
Environ ment and Waste manage ment	To improve waste management in terms of waste collection and dumping	Number of households provided with refuse removal services	100%	100%	100%	N/A	N/A
		Closing permit for Mogwase Solid Waste		June 2009	Achieved (Permit obtained) Mogwase waste disposal site	Service Provider unable to implement the ROD's recommendations and no monitoring due to lack of staff. No rehabilitation plan. Ultimately the ROD even lapsed before it could be implemented.	Ensure that the contractor comply with ROD recommendations. Signing of strict SLA with Service Provider.

		Closing permit for Mogwase Solid Waste		June 2009	Achieved (Permit obtained) Mogwase waste disposal site	Service Provider unable to implement the ROD's recommendations and no monitoring due to lack of staff. No rehabilitation plan. Ultimately the ROD even lapsed before it could be implemented.	Ensure that the contractor comply with ROD recommendations. Signing of strict SLA with Service Provider.
		Closing permit for Mogwase Solid Waste			A closing license was obtained for Mogwase waste disposal site		
Community Halls		Number of community halls constructed.	2	2 halls	Not done	Delay in the appointment of a contractor	Rolled over, to be implemented in the next financial year
Sports and Recreation facilities		Number of sports facilities developed,	3	2	Not achieved. Projects were at tendering phase. Mogwase Sports Centre Silverkraans Sports Park	The slow tendering processes had an impact on the finalization of the projects	
		Maintenance of Sports facilities	Al l 7	Maintenance plan in Progress	2 presently are under construction namely Mogwase and Moruleng for	Moruleng and Mogwase sports parks under construction and R 18m is needed for the maintenance of Mogwase Ramokoka,	

					FIFA 2009 Confederations Cup	Manamela, Mantserre, Pella and Madikwe	
Housing	To provide access to housing	Number of housing support centers established	34	34	25		
		Number of household surveys conducted	2284	100	Achieved. 100	N/A	
		Number of subsidy application forms processed and approved by DDLG & H	2284	2500	2500	N/A	N/A
		Number of houses built	699	1617	389 (Wall plate) at the following places: Legogolwe; Manamakgothen Welgeval; Lerome; Dikweipi;Bojating; Sandfontein; Lesetlheng; Ramoga Mabodisa and Ramokoka;	Unavailability of transport for materials, and slow transfer of funds	
Land Use	Proper subdivision of land according to the town	Number of applications processed and	33				

Manag ement	planning scheme	approved					
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KEY PERFORMANCE AREA: 2. – MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Priority Key Performance Area (KPA)	Corporate Objectives	Key Performance Indicators (KPIs)	Baseline	Target	Actual Achieved 2008/09	Reasons for Under- Performance	Plans for 2009/10
Employment Equity	To achieve employment equity	Timeous submission of the EE plan to the department of labour	2008/09 EEP Timeously submitted to DoL		Achieved. Timeously submitted.		
		% of people from employment equity target groups employed in the 3 highest levels of management	33 % Black (women) 87% Black Men & women	To EEP 100% according to EEP	Achieved		
Skills Development	To enhance employees skills	% of the municipality's budget spent on skills development	96%	100%	90%		
		% of staff trained	78%	100%	90%	Postponement of training courses due to operational requirements	Adherence to the WSP
		Timeous development and submission of the work place skills Plan (WSP) for 2008/09	WSP 2008/09 developmen t and submitted to SETA	100%	100% Achieved. Training Committee was established and is functional WSP development in consultation with	N/A	

					training committee & submitted to LGSETA		
		% of bill spent of WSP 2007/08	0,96%	100%	100% . All mandatory grants have been claimed and the municipality received an amount of R190,000 from LGSETA for compliance.	N/A	
		% of skill Levy claimed by the municipality	None	100%	100% . All mandatory grants have been claimed and the municipality received an amount of R190,000 from LGSETA for compliance.	N/A	N/A
Legal Matters	To improve institutional development	Time taken to finalize simple disciplinary cases	90 days	90 days	Achieved	N/A	N/A
		Time taken to finalize complex disciplinary cases	6 months	6 months	80% (1 case still with the Labour court)	Case no longer within our scope	N/A
Organisational Structure		% of senior posts that are vacant for more than six months	None	All senior positions filled	All senior positions filled	N/A	N/A
Integrated Development Planning	To improve planning processes	Approval of legislatively compliant Integrated Development Plan by Council	100%	100%	Achieved. The final IDP for 2009/10 financial year was approved in June 2009. This followed		The stricter adherence of process plan should be followed and monitored.

					the consultation processed on the draft IDP which was approved in May 2010.		
		Public participation process to determine community needs	100%	100%	Public participation process was undertaken which covered all wards in Moses Kotane Municipality. Public participation took place in May and November 2009.	N/A	As per process plan
		Timeous submission of the MFMA compliant SDBIP	100%	100%	Achieved.		
		IDP and budget process plan submitted and approved by Council.	80%		Achieved		
Performance Management Systems	To promote accountability, improve efficiency and reporting systems	Implementation of the performance management for section 57 employees and Municipal Manager	Achieved	60%	All section 57 Managers signed performance agreements. The departmental report have been submitted to Exco & council	Individual Assessment of section 57 Managers are still a challenge. The assessments have been taking place on an adhoc basis	
		Regular performance measurement and reporting	60%	80%	Achieved although all quarterly reports have been submitted the submission was not according to the adopted process plan	The PMS activity plan to be followed as planned	

		Annual Performance Reporting	100%	100%	Annual reporting processes took place		
Information Technology	To utilize information technology to improve processes within the municipality	Website developed & fully functional	No website	June 2009	Website developed and updated	N/A	N/A

KEY PERFORMANCE AREA 3 – LOCAL ECONOMIC DEVELOPMENT

Priority Key Performance Area (KPA)	Corporate Objectives	Key Performance Indicators (KPIs)	Baseline	Target	Actual Achieved 2008/09	Reasons for Under- Performance	Plans for 2009/10
Job creation	To facilitate job creation through LED initiatives and municipal capital projects	Number of jobs created through the municipal capital projects	500		545	Lack of effective coordination with other departments regarding planning	Effective planning and co-ordination
		Number of SMMEs trained	170	400	150	Poor attendance of the SMME workshops	Promotion of the training concept and planning for the workshops to be effected

KEY PERFORMANCE AREA 4 – MUNICIPAL FINANCIAL VIABILITY

Priority Key Performance Area	Corporate Objectives	Key Performance Indicators (KPIs)	Baseline	Target	Actual Achieved 08/09	Reason for underperformance/overach ievement	Plans for 09/10
Revenue and Debt Collection	To improve payment levels on property rates and service charges	Revenue collected as a % of billed amount	79,58%	90%	102%	Government as one of the debtors paid its long outstanding debt	
Expenditure	To improve spending patterns on capital budget to reflect priorities on the municipality	% of capital budget spent	3%	100%	58.24% Received 176 995 131 Spent 103 077 476	Due to underexpenditure in Community Halls, Civic Centre & some water projects. The sp	To fastrack the capital budget expenditure in order to address the backlogs
		% of municipality's operating budget spent	90.80%	98%	109.63 % .	Under provision for depreciation resulted in over-expenditure by 9.63%	
Revenue	To increase the revenue levels of the municipality	Debt Coverage by own billed revenue	6.18	100%	6.39 Total external debt R94 064 176 Debt coverage		Under control. Own revenue covers external debt by 6.39 times
		Ratio of outstanding service debtors to revenue received.	1.1.202		1.1.08		
		Consumer bad debts exceeding 90 days	63%	30%	2.46% R1 872 444	Delayed payment by National and provincial departments still	Negotiations with some departments to continue. Progress has

		recovered				problematic.	however been registered.
		Completion of valuation roll	100%	100%	Achieved	N/A	N/A
Procurement	To improve tender processes to fast track service delivery	% of total procurement value dedicated to BBE and SMMEs	26%	30%	85% of R54 480 000 has been awarded to SMMEs & HDIs		
		Turnaround time of procurement processes		Bi-weekly procurement meetings	Partially achieved. An average 12 meetings be quarter for each committee was not achieved. This depends	Although processes have been improved, submissions to the SCM committees not always satisfactory.	

KEY PERFORMANCE AREA 5: MUNICIPAL GOOD GOVERNANCE

Priority Key Performance Area (KPA)	Corporate Objectives	Key Performance Indicators (KPIs)	Baseline	Target	Actual Achieved 2008/09	Reasons for Under- Performance	Plans for 2009/10
Community participation and good governance	To strengthen community participation processes	To strengthen community participation processes	4	4	Achieved. The public participation process were conducted as part of IDP/Budget/PMS, process	N/A	
	To promote culture of accountability, transparency and performance excellence	Anti corruption strategy and its communication.	Anti-corruption workshop		Not achieved. The anti-corruption strategy has not yet been formally implemented.		
		Appointment of the financial and the performance audit committee	Appointment of Audit Committee	New	Achieved. The Audit committee for the municipality has been appointed.		
		Number of performance reports timeously submitted to Audit Committee and Council	0	4	Not achieved		
		Unqualified Audit report from the Auditor General	unqualified	Unqualified audit report	The municipality successfully received unqualified audit report for the financial year. 07/08 the audit outcome for		

					08/09 is not yet out.		
		% Execution of Council resolution within the timeframes of the Implementation Schedule	New	100%	70%	Other resolutions (town planning) still in process of implementation	Fast track implementation of council resolutions

HUMAN RESOURCE AND ORGANIZATIONAL MANAGEMENT INFORMATION

STAFF COMPLEMENT

Total number of employees in each of the levels) in each of the following levels as at 30 June 2009 (indicate employees with disabilities where applicable)									
Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	13	1		3	12				29
Middle Management	30				2				32
Skilled Technical and academically qualified workers, junior management, supervisors	48				50				98
Semi skilled and discretionary decision making	19				18				37
Unskilled and defined decision making	112				65				178
TOTAL STAFF COMPLEMENT	222	1		3	147				373

Total workforce: Permanent = **373**

Temporary workers = 31

Contract employees excluding section 57 managers (Councilors: 60)

STAFF COMPLEMENT

DEPARTMENT	NUMBER OF STAFF	NUMBER OF VACANT POSITIONS	NUMBER OF VACANT POSITIONS FILLED.2008/09
<u>Corporate Services</u> Mayors' office	8	None	None
<u>Corporate Services</u> Speakers' office	4	1	None
<u>Corporate Services</u> Municipal Manager.	3	None	None
<u>Corporate Services</u> Human Resources and Administration	35	1	4
Strategic	6	1	1
LED and Housing	16	1	3
Community Services			
Community Services Libraries	4	1	None
Community Services Security	13	1	2
Community Services Parks & Recreations	68	None	None

Community Services			
Transport	13	4	1
Community Services			
Cemeteries	3	None	None
Community Services			
Municipal Buildings	4	-	-
Finance	70	4	
Engineering Services			
Engineering Services			
Water and Sanitation	62	1	1
Engineering Services			
Roads and Storm water	64	4	1
TOTAL NO ALL DIRECTORATES	373	24	13

RECRUITMENT FOR THE PERIOD 1 JULY 2008 TO 30 JUNE 2009

Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3				2				5
Middle Management	3								3
Skilled Technical and academically qualified workers, junior management, supervisors	3				5				8
Semi skilled and discretionary decision making	1								1
Unskilled and defined decision making	16				8				24
TOTAL	26				15				41

PROMOTIONS FOR THE PERIOD 1 JULY 2008 TO 30 JUNE 2009

Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2				1				3
Middle Management									
Skilled Technical and academically qualified workers, junior management, supervisors	1				1				2
Semi skilled and discretionary decision making	1								1
Unskilled and defined decision making									
TOTAL	4				2				6

TERMINATIONS FOR THE PERIOD OF JULY 2008 TO 30 JUNE 2009

Occupational level	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1								1
Middle Management					1				1
Skilled Technical and academically qualified workers, junior management, supervisors	5				1				6
Semi skilled and discretionary decision making	2								2
Unskilled and defined decision making	5				1				6
TOTAL	13				3				16

TERMINATIONS FOR THE PERIOD 1 JULY 2008 TO 30 JUNE 2009

Termination Type	Total
Death	4
Resignation	7
Expiry of Contract	None
Dismissal – Misconduct	None
Dismissal – Inefficiency	None
Discharge due to ill health	None
Retirement	5
Other	1 ABSCONDMENT
Total	17

LEAVE UTILISATION

SICK LEAVE TAKEN FOR THE PERIOD 1 JULY2008 TO 30 JUNE 2009

Levels	Total Days	% Days with medical certificates	Number of Employees using sick leave	Average days per employees	Estimated Costs R'000
Top Management	36	16.7	6	1,24	
Middle Management	20	2.5	5	0,6	
Skilled Technical and academically qualified workers, junior management, supervisors	135	33,3	45	1,48	
Semi skilled and discretionary decision making	116	25	29	3,14	
Unskilled and defined decision making	230	20	46	1,29	
TOTAL	537	23,6	127	1,44	

ANNUAL LEAVE TAKEN FOR THE PERIOD 1 JULY 2008 TO 30 JUNE 2009

	Total Days	Average leave taken per employee
Top Management	211	7,3
Middle Management	320	10
Skilled Technical and academically qualified workers, junior management, supervisors	980	10
Semi skilled and discretionary decision making	370	10
Unskilled and defined decision making	213	1,2
TOTAL	2094	5,6

TRAINING SKILLS DEVELOPMENT

Category	Beneficiaries	Training Undergone	Number of Beneficiaries	Total Costs
Legislators	Councilors	Project Management	30	R45 000.00
Legislators	Councilors	Writing Skills	30	R137 000.00
Directors and Corporate Ms	Directors and corporate Ms	Supply Chain	4	R22 600.00
Clerical and administrative Workers	Clerical and Administrative	Report writing	18	R
Operators and Drivers	Drivers	Motor sport Marketing	4	R11 400.00
Directors and Corporate Managers	Unit Managers	Portable Water Treatment	2	R15 998.78
Legislators	Councillors	Enhance HIV Programme	40	R182 500 00
Director and Corporate Managers	Unit Manager	Enviromental Law for Managers	1	R8500-00
Same as above	Procument Manager	Financial Management	1	R7 960.00
Labourer Community & Personal Service Machine Operators & Drivers	Labourers Clerks Drivers & Machine Operators		18	R16 190.00
Clerical &Admin	Communication	Marketing the Art of Negotiation	3	R24 606.00
Clerical & Admin	Secretaries	Professinal Business Wriiting	3	R1816 800
Clerical & Admin	Secretaries	Business Protocol	4	R31 915.44
Directors & Corporate Managers	Managers	Water Quality management	1	R6 838.00
Legislators	Councillors	Executive leadership	6	R90 000.00
Directors and Corporate Manager	Director & manager	Developing HR Strategy	2	R8 600.00
Community & Personal Service	Officers Liaison officers Financial Clerks Credit Controllers Unit manager Legislators	Municipal Governs	11	R146 300.00
Machine Operators & Drivers	Machine Operators	Operator Training Theory & practical	5	R34 200.00
Clerical & Admin	Training Committee	Occupational Training	10	R25992.00
Clerical & Admin	Officers	Admin skill Management	3	R3 936.00
Technician & Trade Workers	Technicians	Effective project Management	3	R37 927.00
Director & Corporate manager	Directors	Roads Construction Management	1	R7 499.00
Community & Personal Service	Admin Official	Advanced skills for Management	2	R15 957.00
Community & Personal Service	????	Contract Management	1	R5928.00
Labourers	General Workers	ABET	73	R174 470.00

Directors & Corporate managers	Managers	Monitoring and program me Evaluation	2	R42 000.00
TOTAL				R1 187,437.00

FUNCTIONAL AREA AND SERVICE DELIVERY REPORTING

EXECUTIVE & COUNCIL

Reporting Level	Detail	Total
Overview	The council is headed by the Speaker. The political administration is managed by a joint Executive Committee headed by the Mayor.	
Description of the Activity	The council is headed by the Speaker. The political administration is managed by a joint Executive Committee headed by the Mayor.	
	<p>OFFICE OF THE MAYOR</p> <p>The office of the Mayor is responsible for the delivery of the following key performance areas:</p> <p>(a) <u>Planning, research and report:</u></p> <ul style="list-style-type: none"> • Identify the needs of the community. • Strategize to meet the needs. • Develop business plans and policy guidelines. • Monitor and evaluate adherence to legislation. • Ensure achievement of strategic objectives. <p>(b) <u>Social development</u></p> <ul style="list-style-type: none"> • Act as liaison with national and provincial governments, NGO's, business and labour regarding provision of social welfare programs. <p>© <u>Communication and marketing</u></p> <ul style="list-style-type: none"> • Development and fostering of public and private • Partnerships in alternative service delivery options. • Liaise with all external stakeholders and other spheres of government regarding the investment and development of Moses Kotane local municipality. 	

	<p>(d) <u>Special Projects</u></p> <p>Development and implementation of special programs and projects in areas that require special focus and attention by national, provincial and local government. Special projects include:</p> <ul style="list-style-type: none"> • Mayoral Imbizo • Gender desk (Women & Children) • HIV/AIDS • Youth desk • Disability • Elderly <p><u>Achievements:</u></p> <p>The following gains have been recorded in the last reporting period as a result of facilitation and coordinating efforts from other sectors, through the office of the Mayor:</p> <p>(d) <u>Special Projects</u></p> <p>Development and implementation of special programs and projects in areas that require special focus and attention by national, provincial and local government. Special projects include:</p> <ul style="list-style-type: none"> • Mayoral Imbizo <ul style="list-style-type: none"> - Community meetings were held based on the challenges in the different wards. - There has been constant interaction between the Mayor and community representatives on focused discussions and challenges. • Gender desk (Women & Children) <ul style="list-style-type: none"> - Established Moses Kotane Men's Forum - Launched men's forum in Pella Village. • HIV/AIDS 	
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	<ul style="list-style-type: none"> - Established a functional HIV and Aids Internal Committee. - Launched HIV and AIDS Forum with representation in 30 wards. - Donated blankets to the needy families through the Home-based Care Groups. - Provided HIV and AIDS Candles to all ward Councilors and Magosi and they are used in every community meetings they hold. <ul style="list-style-type: none"> • Youth desk <ul style="list-style-type: none"> - Held Consultative meetings with Youth Formations and unemployed Youth in Moses Kotane. • Disability <ul style="list-style-type: none"> - Established Disability Committee. - Formed Disability Forum comprising of People with Disability in 30 wards. - Donated wheel chairs to people with Disability in Partnership with Rustenburg Minerals Mines. • Elderly <ul style="list-style-type: none"> - International Day of The Elderly was observed within the Municipality. - Continuous support has been given to the Elderly within the municipality. - As part of Rural Development in Mokgalwane a Donation of furniture and RDP House was given by the Mayor to an elderly woman who is also disabled. <p>Plans</p> <p>To ensure that Mayors office is staffed so that it can achieve its institutional mandate.</p>	
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Reporting Level	Detail	Total	
Overview	The Office of the Speaker is responsible of the following key performance areas:		
Description of the Activity	<p>OFFICE OF THE SPEAKER</p> <p>The Office of the Speaker is responsible for delivery of the following key performance areas:</p> <p><u>Councillor support</u></p> <ul style="list-style-type: none"> • Identification and implementation of administrative and capacity building support according to the identified needs of councilors. • Monitor and report on adherence to legislation and code of conduct. <p><u>Executive duties</u></p> <ul style="list-style-type: none"> • Ensuring the planning and development of time tables for council and committee meetings. • Ensure the compilation and implementation of rules of order. <p><u>Ward committee support</u></p> <ul style="list-style-type: none"> • Provide administrative support to ward committees • Facilitate capacity building of ward committees. • Promote public participation, evaluate and establish communication links between the council and the public. 		
	<p>Councillor Detail</p> <ul style="list-style-type: none"> • Total Number of Councillors • Number of Councillors in the Executive Committee • Number of Council meetings • Number of Executive Committee Meetings 	60 8 4 12	

	Ward Detail <ul style="list-style-type: none"> • Total Number of wards • Average ward meetings per ward for the year 	30	
		6	

COMMUNICATIONS AND PUBLIC RELATIONS UNIT

Reporting Level	Detail	Total
Overview	<p>The Communication and Public Relations Unit is located within the Office of the Mayor. The objectives of the Unit are:</p> <ul style="list-style-type: none"> • Development and fostering of public and private partnership in alternative service options. • Liaising with all internal and external stakeholders and other spheres of government regarding the investment and development of Moses Kotane Local Municipality 	
Description of the Activity	<ul style="list-style-type: none"> • Manage internal and external Communication services of the municipality • Develop and implement the municipal communications strategy • Organize and manage municipal advertising/exhibitions • Intergovernmental relations • Responsible for media relations • Speech writing services for the mayor • Render photographic services and audio visual services • Events managements • Management of corporate image 	

Budget & Treasury

Function: Budget and Treasury Office			
Reporting Level	Detail	Total	
Overview:	The Budget and Treasury Office has been established in terms of section 80 of the Municipal finance Management Act, 2003(Act 56 of 2003) to develop and maintain sound financial practices and financial procedures that provides transparency and accountability based on generally accepted accounting practices. This Department provides financial services to all other departments and the Chief Financial Officer reports directly to the Municipal Manager.		
Description of the Activity:	<p>The function of finance within the municipality is administrated as follows and includes;</p> <p>Unit: Revenue and Debt Collection</p> <p>Unit: Expenditure and Salaries</p> <p>Unit: Budget Planning</p> <p>Unit: Procurement</p> <p>Unit: Asset Management</p> <p>Unit: Information Technology</p>		

	These services include local municipal revenue collection but exclude revenue collection which resides within district, provincial and national spheres of government. The Municipality has a mandate to provide democratic and accountable government to the community; ensure the provision of services to the community in a sustainable manner; provide a safe and healthy environment; and to encourage the involvement of the community in the matter of local government. The Strategic objectives of the Department are: 1. To ensure that all moneys in terms of rates, service charges, tariffs, taxes, subsidies as well as the equitable share and MIG allocations and grants are collected. 2. To ensure a fair, transparent, competitive and cost effective procurement system. 3. To ensure transparent expenditure control based on general accepted accounting practices. 4. To ensure the compilation of the annual operating and capital budget in terms of the MFMA.		
Analysis of the Function:			
	Statistical information on:		
	1 Debtor billings and collection: Number and value of monthly billings and cash received.:		R (000s)
2 Debtor analyses: Amount outstanding over 30,60,90 and 120 plus days across debtor by function:		R (000s)	R (000s)
		<total>	<total>

				<received>	<interest>
	30 Days	60 Days	90 Days-120 days		
All service charges and property rates	813,221	3,727,209	71,529,341	76,069,771	0
property rates					
3	Write off of debts: number and value of debts written off: - Total debts written off each month across debtors by function (eg: water, electricity etc)				R (000s)
				0	0
4	Property rates (Residential): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year				R (000s)
				3616	542,533,894
				172	2,165,900.00
				3444	58,548,000
					1,154,549
Reporting Level	Detail			Total	
5	Property rates (Commercial): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year				R (000s)
				88	607,720,000
				246	38,603,101
					12,232,948
					18,146,226
6					
	Property valuation:				

	- Year of last valuation	2008	
	- Regularity of valuation	4	
7	Indigent Policy:		
	- Quantity (number of households affected)	526	
	- Quantum (total value across municipality)	265,196	
8	Creditor Payments:	R 27,819,490	
	See separate list of outstanding creditors:		Current
	All Creditors settled by 31 August 2009		
9	Credit Rating:	R (000s)	
	No Official Credit Rating		
10	External Loans:	R (000s)	R (000s)
	- Total loans received and paid during the year	73,482,370	4,687,170
	see notes to the financial Statements		
11	Delayed and Default Payments:		
	<List delayed and default payments here>	nil	na
	List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature	no	na

CORPORATE SERVICES

Reporting Level	Detail	Total
Overview	<p>The Directorate: Corporate Services is responsible for effective Human Resource of Moses Kotane Municipality. The Objectives of the Directorate are among others:</p> <ul style="list-style-type: none"> • To create an equitable, participative organizational culture that is aligned with Moses Kotane Local Municipality's objective. • Provide effective workplace training and development that equips employees with the skills and competencies required to meet the objectives of Moses Kotane Municipality, and supports continuous learning • To transform the organizational environment such that Moses Kotane's workforce is representative of designated groups; thereby enhancing service delivery and contributing to the growth, development and empowerment of our society. • To develop and implement fair human capital management processes and practices that secure the continued participation and contribution of the people to the organization. 	
Description of the Activity	<p>Functions and Activities</p> <ul style="list-style-type: none"> • Human Resources Management • Administrative Services • Legal Services • Labour Relations • Occupational Health & Safety <p>The key Strategic plans and policies needed to guide the Director: Corporate Services;</p> <p>Employment Equity Plan</p> <p>Skills Development Plan</p> <p>Relevant Legislation and relevant Human Resource Policies</p>	

	Bargaining Council's resolutions		
Analysis of Function	<p>The performance highlights include among others:</p> <p>Ensuring functionality of the Local Labour Forum</p> <p>Established the Training/ Skills Development Committee</p> <p>Successfully developed and submitted the WSP to the LGSETA</p> <p>Successfully coordinated the training related activities</p> <p>Won the LGSETA award for the most improved municipality in terms of training</p> <p>Developed the HR related systems e.g. templates for filling of vacancies, acting allowances, interview reports</p> <p>Finalised the permanent appointment of temporary employees more than twelve months in services</p> <p>Compliance and Implementation of conditions of employment in terms of working hours</p> <p>Introduced the dispersed lunch hours to enhance service delivery</p> <p>Facilitated the salary disparity issue of former Water Boards staff</p> <p>Handled all legal aspects of the valuation process in order to implement new valuation roll of the Municipality on 1 July 2008</p> <p>Developed new administrative procedure and format of items for Council and Committees agendas</p>	Current	Target

HOUSING AND LOCAL ECONOMIC DEVELOPMENT (LED)

Reporting Level	Detail	Total	
Overview	The Housing and Local Economic Development		
Description of the Activity	<p>The Directorate Housing and Economic Development is responsible for the following functions:</p> <ul style="list-style-type: none"> ➤ Ensure Economic growth and development in Moses Kotane Local Municipality through proper marketing strategies in terms of LED initiatives. ➤ Prepare, manages and monitor capital and operational budget of the department. ➤ Facilitate and implement housing and LED projects. ➤ Monitor, and participate in the affairs of the Moses Kotane Development Agency ➤ Establish and support local SMME'S ➤ Facilitate employment creation and reduce poverty 		
Analysis of Function	<p>The Housing performance highlights for 2008/09 include:</p> <p>Since 2000 the municipality received the housing subsidies to alleviate backlog to the deserving communities subsidies to be implemented via the Peoples Housing Process across 20 rural villages. 1500 housing subsidies further received for Mogwase unit 8 and Mabaalstad. Contractor driven approach is to used by the municipality for implementation. 2500 subsidies : 2080 allocated throughout 16 rural villages , and 420 for green field development in Mogwase unit 8. Contractor driven approach is also used for these subsidies.</p> <ul style="list-style-type: none"> • Establishment of Housing Support Committees • Development of Housing Master Plan • Construction of Houses. <p>With regard to Local Economic Development the Unit:-</p> <ul style="list-style-type: none"> • Coordinated the creation 545 of temporary jobs • Trained 20 tourists guides 	34	34

	<ul style="list-style-type: none"> • Trained 150 SMMEs in construction business • Established and supported projects in the various sectors: <p>Agriculture</p> <p>Manufacturing</p> <p>Tourism.</p>		
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STRATEGIC MANAGEMENT

Reporting Level	Detail	Total
Overview	<p>The Directorate: Strategic Management is responsible for co-ordination of all municipal planning, monitoring and evaluation of implementation of those plans. The directorate deals with the Integrated Development Plan (IDP) Performance Management Systems (PMS) as well as the Town Planning. The Directorate is the strategic engine of the municipality and is involved with all the development planning, land use management spatial planning etc. The Directorate has had to co-ordinate all planning process within and outside the municipality to produce a credible Integrated Development plan. In addition, the Spatial Development Framework which was first developed in 2003, had to be reviewed so that it can be in line with Provincial, Growth and Development Strategy (PGDS); National Spatial Development Perspective (NSDP), District SDF and other important documents. Although the SDF was finalized after the IDP processes were at an advanced stage, it is still an important document which should guide all the development processes in Moses Kotane. Importantly it should form part of the IDP process and guide in terms of Infrastructure development which will also assist in economic growth of Moses Kotane. In an effort to streamline objectives and alignment of functions, the municipality underwent a strategic planning session in the early part of the year. This resulted in some changes especially in the structure, that would fast-track service delivery. Among other things improved monitoring systems were identified as one of the crucial issues. Hence it was agreed that among other issues, the Project Management Unit should be relocated to the Strategic Management Directorate, as it is involved with monitoring of projects.</p> <p>Lastly, the Directorate co-coordinated the reporting process within and outside the municipality, as part of monitoring quarterly reports to Council and to the province has to be compiled to track the progress being made in terms of objectives and targets that had been set. Although this aspect has improved, there is still more room for improvement, accountability should be inculcated throughout the municipality.</p>	
Description of the Activity	<p>The Directorate is responsible for the following functions:</p> <ul style="list-style-type: none"> • Integrated Development Plan (IDP) • Town Planning • Performance Management Systems (PMS) <p>The objectives of the Directorate involves among others the following:</p> <ul style="list-style-type: none"> • To develop and oversee the implementation programme of the long term strategic development framework for Moses Kotane. 	

	<ul style="list-style-type: none"> • Promotion of orderly, sustainable development through the formulation of development framework strategies and policies • Evaluates, review and ensures implementation of the IDP. Measures the performance of the municipality in terms of the agreed targets. • Implementation and the facilitation of the development planning <p>Performance highlights for the financial year :</p> <ul style="list-style-type: none"> • Review of the Integrated Development Plan, • Successful community participation process in all 30 wards. • Review a Performance Management Framework • Developed Service Delivery and Budget Implementation Plans (SDBIPs) and performance agreements for the financial year 2009/10. <p>The Town Planning Unit has received a number of land development applications in the past months. These application ranges from building line applications, subdivision, division of land, consent use application, rezoning, park closures and townships establishment</p> <p>The town planning unit prepared items to council approving structures for consideration and approval.</p> <p>A total of 68 building plans have been received and approved by the Unit during this year. The building plans ranged from house plans to business plans. All plans were approved subject to compliance with the Town Planning Scheme and National Building Regulation.</p> <p>The Unit has handled more that 279 public enquiries during this quarter. The enquiries are ranging from business opportunities, residential stands availability, town planning advice and statistical information for developers</p> <p>The Unit has facilitated all preparations leading to the sale of residential stand in Unit 2 of Mogwase. The residential stands were sold to interested purchasers.</p> <p>The municipality took a resolution to extend the existing Unit 5 North with about 90 stands which were sold to interested buyers</p>	
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COMMUNITY SERVICES

Reporting Level	Detail	Total	
Overview	The community service department consists of the transport, parks and recreation and cemeteries, community development, libraries, disaster management, environment and waste management, fire and emergency service, health service, safety and security business unit.		
Description of the Activity	<p>Functions and activities:</p> <ul style="list-style-type: none"> • To manage transport and service facilities • To provide safe and security environment • To provide library services • To provide and maintain recreation, parks and cemeteries. • To facilitate the provision of social services, social grants, food parcel, pension grants • To facilitate the provision of health services; • To facilitate provision of school facilities 		
Analysis of Function	<p>The performance highlight include:</p> <p>Successful 2009 FIFA Confederations Cup.</p>	Current	Target

ENGINEERING SERVICES

Reporting Level	Detail	Total	
Overview	The Engineering Services Directorate is charged with the responsibility of providing and maintaining basic municipal services within the community of Moses Kotane Local Municipality. The organizational structure was amended in the financial year 2006/07 financial year, where the Directorate Infrastructure Services was elevated to a Chief Directorate:		

	Engineering Services due to the enormous pressure to address service delivery backlogs. This resulted in the creation of three top management posts namely; Chief Director: Engineering Services, Director; Water and Sanitation and the Director: Roads and Stormwater. Unfortunately these post were filled late into the financially year. This situation resulted in some of the targets not been met. Also the position of the Project Management Unit which had filled was left vacant for the remainder of the financial year.	
Description of the Activity	<p>Services that are currently rendered by the Directorate are listed below as follows:</p> <ul style="list-style-type: none"> ➤ Water ➤ Sanitation ➤ Roads and Storm Water ➤ Electricity ➤ Construction of buildings 	

Roads & Stormwater

Reporting Level	Detail	Total
Overview	This is the new Directorate which was established with the amendment of the structure during 2006/07 financial year, The Unit Roads and Stormwater was elevated to a Directorate. The Director: Roads and Stormwater assumed duty on the 1 February 2008.	
Description of the Activity	<p>Services that are currently rendered by the Directorate are listed below as follows:</p> <ul style="list-style-type: none"> ➤ Roads and Storm Water ➤ Electricity <p>Objectives of the Department includes:</p> <ul style="list-style-type: none"> • Construction /Upgrading of road access within villages. • Provide street lighting • To improve access to villages and Service level standards. 	

Analysis of functions	For the year under review, the following were achieved:	Current	Target
	<ul style="list-style-type: none"> • Construction of Roads • Blading • Repairs of potholes 	34.5	35km

Water and Sanitation

Reporting Level	Detail	Total	
Overview	The Directorate: Water & Sanitation is a directorate within Engineering services.		
Description of the Activity	<ul style="list-style-type: none"> ➤ To provide potable water to communities ➤ To provide sustainable O&M to human settlement ➤ To provide access to water at basic level of service ➤ To provide and monitor quality of water ➤ To provide & sustain underground water resources. ➤ Performance of water conservation and Demand management ➤ To provide sustainable Free Basic Services (FBS 		
Analysis of functions	<p>The highlights of performance for the 2008/09 can be summarized as follows:</p> <ul style="list-style-type: none"> • The plans for the current financial year included; concentrated on the waterborne sanitation for Unit 2. • Provision of Free Basic Water for all residents. 	Current	Target

Electricity Distribution & Street lighting

Reporting Level	Detail	Total	
Overview	The electricity distribution is still the responsibility of ESKOM. The municipality only facilitates the electrification programme. The municipality is responsible for street lighting. The Electricity unit falls within the Road and Stormwater Directorate, which is part of the Engineering Chief Directorate. The intake of free basic electricity is still a challenge		
Analysis of functions	For the year under review, the main focus has been to focus on electricity queries, which have been responded to at the average of 24 hours.	Current 24 hours -	Target 24 hours

BUILDINGS

Reporting Level	Detail	Total
Overview	This is a sub function of Engineering Services; The function includes the construction of buildings. The maintenance of the building falls under the Directorate: Community Services.	
Description of the Activity	<ul style="list-style-type: none">• Building of Community Halls	

CONCLUSION

This annual report demonstrates the general performance of the municipality throughout the year. Despite the progress that have been recorded in this financial year there are still gaps and other targets that were not achieved, the municipality will have to deal with some of the challenges that have been reported throughout the year. The municipality will have to look particularly in the expenditure of capital grants as it has direct impact in service delivery. Systems in procedures as well as general compliance of legislated deadlines will have to be strictly monitored by the municipality.

As reported in last financial year, high unemployment rate is still a challenge within the municipal area and therefore the municipality needs to strengthen its effort to promote Local Economic Development. The municipal programmes should be biased job creation and sustainable livelihood. In the same breath the indigent register should be regularly updated.

MOSES LOCAL MUNICIPALITY

ACTION PLAN ON AUDIT REPORT FOR 2008/2009 FINANCIAL YEAR

KEY ISSUE	ISSUE RAISED	DETAILS OF KEY ISSUE	ACTION	PROGRESS TO DATE	DEADLINE	RESPONSIBLE OFFICIAL	PROGRESS MADE
7	Provisions	The estimated amount of the outflow of resources to settle the obligation to restore the landfill sites, which is required at the end of the useful life of the landfill site, was not determined and disclosed	The estimated cost will be determined and provided on future budgets	Provision made on the budget for the 2010/2011 financial year The total estimated cost to restore the life of the landfill sites still needs to be determined	2010/2011 and future budgets	Head of Unit Expenditure	An amount of R300 000 was provided on the budget for the 2010/2011 financial year
10 a)	Property Plant and Equipment	The difference of R21 951 366 between the asset register and the financial statements could not be verified	The matter will be raised with the office of the Auditor General as the value as reflected on the financial statements do corresponds with the values as reflected on the asset register	Discussed the matter with the office of the Auditor General on 16 November 2010 and is awaiting his response		Head of Unit Expenditure	Awaits response of the auditor-general
10 b)	Property Plant and Equipment	Depreciation to the value of R4 533 684 was not provided on community	This was an oversight and the matter has been rectified	Rectified on financial statements for the 2009/2010	30 June 2010	Head of Unit Expenditure	Rectified on financial statements for the 2009/2010 financial

		assets and buildings.	with the compilation of the financial statements for the 2009/2010 financial year	financial year			year
10 c)	Property Plant and Equipment	Backlog depreciation to the value of R32 887 346 was not provided for property plant and equipment	This was an oversight as no provision for depreciation was made on buildings the matter has been rectified with the compilation of the financial statements for the 2009/2010 financial year	Rectified on financial statements for the 2009/2010 financial year	30 June 2010	Head of Unit Expenditure	Rectified on financial statements for the 2009/2010 financial year
10d	Property Plant and Equipment	Assets to the value R4 158 119 were not capitalised but expensed in the statement of financial performance Non compliance with GAMAP 17	The matter has been discussed with the auditor-general on 16 November 2010	Awaits the response of the auditor-general	31 December 2010	Head of Unit Expenditure	Awaits response of the Auditor-general.
10e	Property Plant and Equipment	Assets to the value of R61 643 250 could not be traced from floor to asset to the asset register as a result of insufficient description in the asset	The system for the purchase of assets will be changed to prevent assets being purchased and	80% of all assets are bar coded An asset section has established	30 June 2011	Manager: Assets	. 80% of all assets are bar coded

		register	<p>delivered without bar codes</p> <p>All assets that are not bar coded will be bar coded as the process to make a comprehensive asset verification has already started</p>	with the new organogram whose only duty will be the management of the assets of the council			
10f	Property Plant and Equipment	Additions to assets to the value of R1 240 158 could not be confirmed with sufficient audit evidence	<p>The system for the purchase of assets will be changed to prevent assets being purchased and delivered without bar codes</p> <p>All assets that are not bar coded will be bar coded as the process to make a comprehensive asset</p>	<p>80% of all assets are bar coded</p> <p>An asset section has established with the new organogram whose only duty will be the management of the assets of the council</p>	30 June 2011	Head of Unit Expenditure and Manager: Assets	. 80% of all assets are bar coded

			verification has				
10g	Property Plant and Equipment	Infrastructure assets of R356 618 306 not broken up into serviceable parts and also not depreciated as such. Non compliance with GAMAP 17	<p>The accounting of each significant part of infrastructure assets are a costly exercise and due to the complexity thereof it will take the council more than one year to complete this exercise.</p> <p>The council has appointed an external service provider to assist the council in this regard.</p>	Service provider has been appointed	30 June 2012	Head of Unit Expenditure and Manager: Assets	The service provider is gathering information from the various villages for the compilation of the infrastructure asset register
10h	Property Plant and Equipment	Prior period errors amounting to R226 143 000 erroneously disclosed as part of disposals in note 6 to the financial statements. Non Compliance to GAMAP 3	This was an oversight as land assets to the value of R226 143 000 was disclosed as disposals instead of corrections	The matter has been rectified with the compilation of the financial statements for the 2009/2010 financial year	30 June 2010	Head of Unit Expenditure and Manager: Assets	Rectified

11	Inventory	No sufficient and appropriate audit evidence to support journals on inventory to the value of R1 930 236. Municipality did not permit the application of alternative audit procedures	<p>The council is operating on an electronic and manual system of accounting in the different stores.</p> <p>This was due to the amalgamation of the 2 Water boards with the municipality.</p> <p>Business processes will be established to account for the issue from the different stores on a daily basis rather than on an annual basis as the accounting of the stores are stand alone systems.</p> <p>The new E_VENUS</p>	The E_VENUS system is in the process of being implemented as from December 2010	31 December 2010	Head of Unit Expenditure	In the process to capture all store items on the new system
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			system caters for a store program which will be implemented whereby all store transactions will automatically be debited against the relevant expenditure vote.				
12	Inventory	No sufficient and appropriate audit evidence to support inventory of R 42 607 496 in note 8 to the financial statements. The valuation of unsold	There was a misunderstanding due to a lack of communication between the consulting Town Planner and the council regarding the compilation of the investment and inventory register which contains a list of all unsold properties of the council which can be sold. The value of these	The matter has been rectified on the financial statements for the 2009/2010 financial year	30 June 2010	Head of Unit Expenditure	Rectified

			properties was determined by the Consulting Town Planner on the selling price of these properties instead of the valuation as it appears in the valuation roll				
14	Debtors	Provision for bad debts is understated by R34 380 286	<p>The council resolution determines that provision should be made for all outstanding debts for a period of 120 days and longer.</p> <p>Provision was made in terms of the resolution.</p> <p>In terms of the International Accounting Standards, as pointed out by the Auditor General, provision</p>	<p>Provision has only been made in accordance with the council resolution.</p> <p>An item in this regard will be prepared and submitted to council for the revoke of the previous resolution and be replaced to make provision as determined by the IAS 39</p> <p>The provision for bad debts will be calculated in terms of IAS 39</p>	31 January 2011	Head of Unit Revenue	Item to be prepared for council

			should also be made for the total outstanding amount of those debtors with outstanding amounts of 120 days and longer as the viewpoint is that the debtors will also not pay the current amount and so forth				
15	Debtors	Debtors with credit balances of R8 283 369 not classisfied as trade creditors	The re-classification of consumer debtors is acknowledge and the matter will be addressed with the implementation of the new financial system	Will be determined with compilation of the financial statements for the 2010/2011 financial year	30 June 2011	Head of Unit Revenue	Will be determined with compilation of the financial statements for the 2010/2011 financial year
17	Revenue	Areas within the municipal boundary not included in the billing system. Municipal records did not permit the application of alternative	An action plan will be drafted to be implemented where meter readers and	The process with registration of indigents has started.	30 June 2010	Head of Unit Revenue	Action plan still to be drafted

		<p>audit procedures. Unable to obtain sufficient</p> <p>audit evidence to verify completeness of property rates and service charges. Non Compliance to GRAP 09</p>	<p>temporary employees will be engaged in the process of data cleansing within the municipal boundaries.</p> <p>The process will involve going to each village and collecting information on both legal and illegal meters installed, owners and people responsible for the accounts and lastly the economic status of such owners e. g indigents.</p> <p>This will then pave the way in ensuring that the consumer database is complete and revenue can be reasonable confirmed.</p>	<p>The action plan will be implemented during the second halve of 2011</p>			
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			A business process analysis will also be necessary to ensure that the technical and finance divisions are linked to ascertain that no meters go undetected once installed in whichever area and thus making it possible to confidently account for water lost in distribution				
18	Revenue	No interest levied on debtor's accounts in arrears for the entire financial year. Non compliance S97(1)(e) of Municipal systems act, 2000(Act No. 32 of 2000)	<p>The non compliance is acknowledge.</p> <p>The system developers were engaged on the process as the functionality for the charging of interest on</p>	Outstanding debtor amounts are captured on the E – VENUS system whereby interest will be charged on all outstanding debtors accounts	31 December 2010	Head of Unit Revenue	. Outstanding debtor amounts are captured on the E – VENUS system whereby interest will be charged on all outstanding debtors accounts

			<p>arrear debtors was not included in the systems.</p> <p>Various attempts were made but with no success.</p> <p>The new financial systems caters for the charging of interest on arrear consumer accounts</p>				
19	Revenue	Amount included in under revenue inthe statement of financial performance did not include the estimated amount for spot fines in contracention to accounting policy 12.2.	The accounting policy has been adjusted as revenue is only recognised when actual traffic fines are received	Adjusted with the compilation of the financial statements for the 2009/2010 financial year	30 June 2010	Head of Unit Revenue	Adjusted 30 June 2010
21	Expenditure	Unable to obtain sufficient appropriate audit evidence for repairs and maintenance of R15 457 640 as disclosed in	The amount of R15 457 640 represents the total amount for Repair and	The expenditure department has been instructed to ensure that all documents be	daily	Manager Expenditure	All documents are filed

		the statement of financial position	Maintenance. The policy of the Auditor-general is that when a certain quantity or amount cannot be provided for verification the whole amount is reflected as non submitted for verification	filed properly			
22	Expenditure	Depreciation on community assets and buildings to the value of R1 086 599 was not provided for. Non compliance to GRAP17	This was an oversight and the matter has been rectified with the compilation of the financial statements for the 2009/2010 financial year	Rectified on financial statements for the 2009/2010 financial year	30 June 2010	Head of Unit Expenditure	Rectified on financial statements for the 2009/2010 financial year
23	Expenditure	Depreciation on community assets and buildings to the value of R1 086 599 was not provided for. Non compliance to GRAP17	This was an oversight and the matter has been rectified with the compilation of the financial statements for the 2009/2010	Rectified on financial statements for the 2009/2010 financial year	30 June 2010	Head of Unit Expenditure	Rectified on financial statements for the 2009/2010 financial year

			financial year				
25	Statement of Changes in Nett Assets	<p>No sufficient appropriate evidence for the following balances</p> <p>Government Grant Reserve: R6 243 294</p> <p>Accumulated surplus: R234 192 625</p>	<p>The amounts mentioned are related to the amount of R226 143 000 regarding land assets that were corrected and capitalized from the Government Grant Reserve.</p> <p>All assets financed by means of grants are written back through the Accumulated Surplus Account which resulted in adjustments on the Government Grant Reserve as well as the Accumulated Surplus Account</p>	Accumulated Surplus Account is correct	30 June 2009	Head of Unit Expenditure	Notes will be kept and submitted to the office of the auditor general
26	Cash Flow Statement	Unable to verify accuracy, completeness,	This was an oversight and the matter has	Rectified on financial statements for	30 June 2010	Head of Unit Expenditure	Rectified on financial statements for the 2009/2010 financial

		presentation and disclosure of the cash flow statement and notes thereto.	been rectified with the compilation of the financial statements for the 2009/2010 financial year	the 2009/2010 financial year			year
28	Related Party	Disclosure not in accordance with IPSAS20- Municipal records did not permit the application of alternative procedures	The necessary steps will be taken to ensure that all personnel and councillors and related parties declare their interest in terms of IPSAS standards	Municipal Manager to prepare the necessary documentation for the declaration off all Personnel, councillors and related parties	28 February 2011	Municipal Manager	No progress at this stage
31	Other Matters	Contrary to Section 122(2) no consolidated financial statements were prepared	Due to a miss understanding consolidated financial statements were not prepared between the council and the Development agency	Will be rectified with the compilation of the financial statements for the 2009/2010 financial year	30 June 2010	Head of Unit Expenditure	In the process to compile consolidated financial statements
32	Other Matters	Contrary to Section 126(1)(a) the annual financial statements of the municipality were not submitted within two	The annual financial statements were submitted late due to the first time	Financial statements for the 2009/2010 financial year was submitted on ti	31 August 2010	Head of Unit Expenditure	Financial statements for the 2009/2010 financial year was submitted on time

		months after year-en	implementation of GRAP				
33	Other Matters	Contrary to Section 165 there was no internal audit unit and risk assessment plan	Two Interns were allocated to internal audit To assist the internal auditor A risk assessment plan was compiled but not approved due to the fact that the audit committee that was established only had its first meeting during June 2010	Risk assessment plan approved by the audit committee	30 June 2010	Internal Auditor	. Risk assessment plan approved by the audit committee
34	Other Matters	Contrary to regulation 46, a declaration register for re-lated party interest and for gifts,hospitality,favours or benefits offered was not kept	The necessary steps will be taken to ensure that all personnel and councillors and related parties declare their interest in terms of IPSAS	Municipal Manager to prepare the necessary documentation for the declaration off all Personnel, councillors and related parties	28 February 2011	Municipal Manager	No progress at this stage
3	Key Governance Responsibilities	The annual report was not submitted cor consideration prior to the	The annual report will be submitted to	Submit annual report to council	31 December 2010	Municipal Manager	Prepare annual report to be

		tabling of the auditor's report	council after receipt of the audit report				submitted to council
4	Key Governance Responsibilities	The annual financial statements were not submitted for auditing as per legislated	The annual financial statements were submitted late due to the first time implementation of GRAP	Financial statements for the 2009/2010 financial year was submitted on time	31 August 2010	Head of Unit Expenditure	Financial statements for the 2009/2010 financial year was submitted on time
6	Key Governance Responsibilities	The municipality did not had an audit committee in operation throughout the financial year	The audit committee was established and held its first meeting during June 2010 and is functional during the 2009/2010 Financial year The performance and audit charter has been compiled and is available	Held audit committee meetings	As determined by the audit committee	Internal Auditor	Held audit committee meetings
7	Key Governance Responsibilities	The municipality did had an internal audit function and internal audit plan throughout the financial year	A audit plan and internal audit charter has been submitted to	A audit plan and internal audit charter has been submitted to the audit committee	June 2010	Internal Auditor	A audit plan and internal audit charter has been submitted to the audit committee for

			the audit committee for approval	for approval			approval
10	Key Governance Responsibilities	The information systems were not appropriate to facilitate the preparation of the financial statements	A new financial systems will be implemented as from 1 December 2010	Capture necessary information on new system	31 December 2010	Chief Financial Officer Head of Unit Expenditure Head of Unit Revenue	The new financial system will be completed and implemented during December 2010
11	Key Governance Responsibilities	No risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Section 62(c)(i)95(c)(i) of the MFMA	A risk assessment plan was compiled and submitted to the audit committee during 2009/2010	Submitted the report to the audit committee	30 June 2010	Internal Auditor	A Risk assessment plan has been submitted to the audit committee for approval
12	Key Governance Responsibilities	Delegations of responsibilities are not in place as set out in Section 79/106 of the MFMA	Delegations of powers in terms of section 79 of the MFMA are in place. Certain powers were delegated by the Municipal Manager to the CFO in terms of the relevant provisions of	The delegations of powers is in the process to be reviewed	30 June 2011	Municipal Manager	Already reviewed and in the process to be submitted to council for approval

			<p>the Act.</p> <p>No delegations in terms of Section 106 have been done which relates to the Development Agency</p>				
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ANNEXURE 1

MOSES KOTANE DEVELOPMENT AGENCY FINANCIAL STATEMENTS FOR 2008/2009
FINANCIAL YEAR